

Senate Bill No. 1016

Passed the Senate June 27, 2012

Secretary of the Senate

Passed the Assembly June 27, 2012

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2012, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 2558, 2558.46, 2571, 8208, 8235, 8236.1, 8238, 8238.4, 8239, 8263, 8263.1, 8335.4, 8335.5, 8335.7, 8447, 14041.7, 17173, 17180, 17183, 17193.5, 17199.1, 17199.3, 17199.4, 17230, 17458, 17464, 17489, 17592.71, 22138.5, 41203.1, 42238, 42238.146, 42238.15, 42621, 42622, 47633, 52055.770, 56471, 69432, 69432.7, 69433.5, 69436, and 69999.6 of, to amend, repeal, and add Sections 1042, 14041, 14041.6, 41202, 47603, 76140, and 84321.6 of, to add Sections 8263.3, 17199.6, 41207.6, 41366.6, 42620.1, and 52055.780 to, to add and repeal Sections 17457.5 and 46201.4 of, and to repeal Sections 8236.2, 8238.1, 8238.2, 8238.3, 8238.5, 8238.6, 41204.2, and 41204.3 of, the Education Code, to amend Sections 7906, 53850, 53853, and 65995.7 of, and to add Sections 17581.6 and 17581.7 to, the Government Code, and to amend Items 6110-108-0001, 6110-161-0001, 6110-166-0001, 6110-204-0001, 6110-227-0001, 6110-260-0001, 6110-265-0001, 6110-267-0001, 6110-488, and 6870-101-0001 of Section 2.00 of the Budget Act of 2011 (Chapter 33 of the Statutes of 2011), relating to education finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 1016, Committee on Budget and Fiscal Review. Education finance.

(1) Existing law authorizes a county superintendent of schools, with the approval of the county board of education, to temporarily transfer moneys to a school district under specified circumstances.

The Charter Schools Act of 1992 authorizes any one or more persons to submit a petition to the governing board of a school district to establish a charter school that operates independently from the existing school district structure as a method of accomplishing specified goals.

This bill, until July 1, 2017, would authorize a county board of education, subject to the concurrence of the county superintendent of schools, to loan moneys from the proceeds of revenue anticipation notes to a charter school for which the county board

of education or the county superintendent of schools has a supervisory responsibility or, regardless of whether the charter school is within or outside of the county, with which a county board of education or county superintendent of schools has a contractual relationship. The bill would require the county superintendent of schools, before the county board of education makes the loan, to take specified actions regarding the advisability of the loan. The bill would provide that any loan of moneys pursuant to these provisions would not constitute a debt or liability of the county superintendent of schools, the county board of education, or the State of California. The bill would prohibit a charter school from receiving more than one of these loans per fiscal year.

The bill would require the county board of education, as a condition of making a loan to a charter school, to report to the State Department of Education by September 15 of each year specified information on loans made to charter schools within the prior fiscal year, and would require the department to compile that information into one report to be submitted by December 1 of each year to the appropriate policy and fiscal committees of the Legislature, the Department of Finance, and the Legislative Analyst's Office.

(2) Existing law requires the Superintendent of Public Instruction to apportion state aid to county superintendents of schools in accordance with prescribed calculations.

This bill would revise the calculations by subtracting amounts received separately relating to the Redevelopment Property Tax Trust Fund and a proposed constitutional provision relating to education funding.

(3) Existing law requires a revenue limit to be calculated for each county superintendent of schools, adjusted for various factors, and reduced, as specified. Existing law reduces the revenue limit for each county superintendent of schools for the 2011–12 fiscal year by a deficit factor of 20.691%.

This bill would set the deficit factor for each county superintendent of schools for the 2012–13 fiscal year at 22.549%.

(4) Existing law requires the Superintendent to make specified computations relating to the allocation of property tax revenues for each county superintendent of schools.

This bill would revise these computations to include as property tax revenues those received by a county superintendent of schools relating to the Redevelopment Property Tax Trust Fund.

(5) Existing law requires the Superintendent to administer all California state preschool programs, including, but not limited to, part-day and full-day age and developmentally appropriate programs for 3- and 4-year-old children. Existing law defines 3- and 4-year-old children for these purposes as children who will have their 3rd or 4th birthday, respectively, on or before December 2 of the fiscal year in which they are enrolled in a California state preschool program.

This bill would instead provide that the state preschool programs shall include, but not be limited to, part-day age and developmentally appropriate programs designed to facilitate the transition to kindergarten for 3- and 4-year-old children. The bill would instead define 3- and 4-year-old children as children who will have their 3rd or 4th birthday, respectively, on or before November 1 for the 2012–13 fiscal year, October 1 for the 2013–14 fiscal year, and September 1 for the 2014–15 fiscal year and each fiscal year thereafter. The bill would, among other things, make conforming changes relating to the deletion of references to full-day preschool programs.

(6) Existing law requires the State Department of Education to annually report to the Department of Finance and the Legislature a statewide summary identifying, among other things, the number of preschool age children receiving part-time and full-time development services.

This bill would instead require the department to annually report to the Department of Finance and the Legislature a statewide summary identifying, among other things, the number of preschool age children receiving part-day preschool and wraparound child care services, as defined.

(7) Existing law requires child development and preschool programs, as a condition of receipt of specified funds appropriated in the Budget Act of 2006, to include, but not be limited to, age and developmentally appropriate activities for children that are designed to facilitate their transition to kindergarten, and opportunities for parents and legal guardians to work with their children on interactive literacy activities, as defined.

This bill would instead require a participating part-day preschool program, as a condition of receipt of funds being provided for in the annual Budget Act or other statute, to coordinate the provision of (A) opportunities for parents and legal guardians to work with their children on interactive literacy activities, as defined, (B) specified parenting education, (C) referrals, as necessary, to providers of instruction in adult education and English as a second language in order to improve the academic skills of parents of children in participating classrooms, and (D) specified staff development.

(8) Existing law requires child development and preschool programs, as a condition of receipt of specified funds appropriated in the Budget Act of 2006, to coordinate the provision of specified parenting education, and referrals, as necessary, to providers of instruction in adult education and English as a second language in order to improve the academic skills of parents of children in participating classrooms.

This bill would repeal that provision, which is recodified in regard to part-day preschool programs as described in (7).

(9) Existing law authorizes a local educational agency or a participating program on behalf of one or more participating programs to select a family literacy and education coordinator whose duties may include specified activities.

This bill would repeal that provision.

(10) Existing law requires child development and preschool programs, as a condition of receipt of specified funds appropriated in the Budget Act of 2006, to provide specified staff development for teachers in participating classrooms.

This bill would repeal that provision, as its provisions are recodified.

(11) Existing law establishes a schedule for the expenditure, by the Superintendent, of prescribed funds appropriated pursuant to the Budget Act of 2006 for child development and preschool programs.

This bill would instead require a family literacy supplemental grant to be made available and distributed to California state preschool classrooms, as determined by the Superintendent, at a rate of \$2,500 per class. The bill would, among other things, assign first priority to California state preschool programs that contract to receive this funding before July 1, 2012. The bill would require

family literacy supplemental grants to be used for specified purposes. The bill would also provide that implementation of the family literacy supplemental grant program is contingent upon funding being provided for the program in the annual Budget Act or other statute.

(12) Existing law requires, subject to the availability of specified funds, the Superintendent to conduct a specified evaluation of the effectiveness of prekindergarten and family literacy programs established pursuant to specified provisions of law.

This bill would repeal that provision.

(13) Existing law authorizes the use of up to \$5,000,000 of specified funds appropriated in the Budget Act of 2005 by the Superintendent to provide direct child care services for children in participating classrooms to meet the child care needs of parents for the portion of each day that is not covered by services provided as part of a specified preschool program.

This bill would repeal that provision.

(14) Existing law requires the Superintendent to encourage state preschool program applicants or contracting agencies to offer full-day services through a combination of part-day preschool slots and part-day general child care and development programs. Existing law provides specified requirements in order to facilitate a full day of services and requires a child who is enrolled in a preschool program to meet specified eligibility requirements in order to be eligible for part-day child care.

This bill would instead require the Superintendent to encourage state preschool program applicants or contracting agencies to offer full-day services through a combination of part-day preschool slots and wraparound general child care and development programs, as defined. The bill would also require fees to be assessed and collected for families with children in part-day preschool programs, families receiving wraparound child care services, as defined, or both.

(15) Existing law requires the Superintendent to establish a fee schedule for families using child care and development services pursuant to the Child Care and Development Services Act. Existing law requires that the family fee schedule prohibit the assessment of fees on families whose children are enrolled in the state preschool program.

This bill would remove this prohibition, thereby allowing the family fee schedule to include the assessment of fees on families whose children are enrolled in the state preschool program.

(16) Existing law provides for income eligibility standards for families to receive child care and development services. Existing law provides that “income eligible,” for the purposes of the Child Care and Development Services Act, means that a family’s adjusted monthly income is at or below 70% of the state median income, adjusted for family size, and adjusted annually. Notwithstanding this provision, existing law provides that, for the 2011–12 fiscal year, the income eligibility limits that were in effect for the 2007–08 fiscal year are reduced to 70% of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size.

This bill would provide that, notwithstanding these provisions, for the 2012–13 fiscal year, the income eligibility limits are to be 70% of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size.

(17) Existing law requires the State Department of Education, effective July 1, 2011, to reduce the maximum reimbursable amounts of the contracts for the Preschool Education Program, the General Child Care Program, the Migrant Day Care Program, the Alternative Payment Program, the CalWORKs Stage 3 Program, and the Allowance for Handicapped Program by 11% or by whatever proportion is necessary to ensure that the expenditures for these programs do not exceed the amounts appropriated for them. Existing law requires, effective July 1, 2011, families to be disenrolled from subsidized child care services in a specified order that requires, among other things, families whose income exceeds 70% of the state median income adjusted for family size to be disenrolled first, except as specified, and families with the highest income below 70% of the state median income, in relation to family size, to be disenrolled second.

This bill would require the department, effective July 1, 2012, to reduce the maximum reimbursable amounts of the contracts for the General Child Care Program, the Migrant Day Care Program, the Alternative Payment Program, the CalWORKs Stage 3 Program, and the Allowance for Handicapped Program by an additional 8.7% or whatever proportion is necessary to ensure these expenditures do not exceed the applicable appropriations.

The bill would also require, effective July 1, 2012, families to be disenrolled in a different specified order that requires, among other things, families with the highest income in relation to family size to be disenrolled first and families that have the same income and have been enrolled in child care services the longest to be disenrolled second.

(18) Existing law authorizes the City and County of San Francisco, until July 1, 2013, and as a pilot project, to develop and implement an individualized county child care subsidy plan, requires the city and county, on or before June 30, 2013, to submit a final report to the Legislature and other specified entities that summarizes the impact of the plan, requires the city and county to phase out the plan and implement the state's requirements for child care subsidies as of July 1, 2015, and provides for the repeal of those provisions on January 1, 2016.

This bill would instead authorize the City and County of San Francisco to implement the individualized county child care subsidy plan until July 1, 2014, require the city and county to phase out the plan and implement the state's requirements for child care subsidies as of July 1, 2016, require the city and county to submit the final report on or before June 30, 2014, and would repeal those provisions on January 1, 2017.

(19) Existing law requires that the cost of state-funded child care services be governed by regional market rates, and establishes a family fee schedule reflecting specified income eligibility limits. Existing law revises the family fee schedule that was in effect for the 2007–08, 2008–09, 2009–10, and 2010–11 fiscal years to be adjusted to reflect specified income eligibility limits.

This bill would require that the family fee schedule that was in effect for the 2011–12 fiscal year remain in effect for the 2012–13 fiscal year.

(20) Existing law requires the Controller to draw warrants on the State Treasury in each month of each year in specified amounts for principal apportionments for purposes of funding school districts, county superintendents of schools, and community college districts. Existing law defers the drawing of those warrants, as specified.

This bill would require the Superintendent to reduce the warrants for the 2012–13 fiscal year by certain amounts as an offset for school district and county office of education apportionments made

pursuant to specified provisions. The bill also would require the Superintendent to delay the 2nd principal apportionment from July 2, 2013, to July 15, 2013, to account for all revenues remitted to school districts and county offices of education pursuant to a proposed constitutional provision relating to education funding. The bill would require the Superintendent to reduce the June warrants for the 2012–13 fiscal year for any amounts received pursuant to specified provisions related to the dissolution of redevelopment agencies. The bill, commencing with the 2012–13 fiscal year, would defer additional specified amounts of the warrants for school districts and county superintendents of schools from February, April, and May 2013, to July 2013, and from March 2013 and an additional amount from April 2013 to August 2013. The bill would make these provisions inoperative on December 15, 2012, if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes. If either of these conditions occurs, the bill would require, as of December 15, 2012, for the 2012–13 fiscal year only, the Superintendent, instead of the actions described in the paragraph above, to reduce the June warrants by certain amounts received by school districts and county offices of education due to the dissolution of redevelopment agencies and also would offset the revenue limit funding received by school districts and county offices of education by those amounts. If the provisions described in this paragraph do not become operative, they would be repealed on January 1, 2013.

(21) Existing law requires the Controller to draw warrants on the State Treasury in each month of each year in specified amounts for purposes of funding school districts, county superintendents of schools, and community college districts. Existing law defers the drawing of those warrants, as specified. Existing law allows up to \$100,000,000 of the amount of the warrants for the principal apportionments for June that are deferred until July to be drawn instead in June for a charter school or school district if specified criteria are met, including, in the case of a charter school, that the chartering authority, in consultation with the county superintendent

of schools, certifies to the Superintendent of Public Instruction and the Director of Finance that the charter school will be unable to meet its financial obligations for June.

This bill would require the certification to be made by the governing body of the charter school instead of the chartering authority, and would require a charter school submitting that certification to provide its chartering authority with a copy of the certification, thereby imposing a state-mandated local program.

(22) Existing law establishes the California School Finance Authority, and authorizes the authority to issue revenue bonds to finance a single or series of projects or financing of working capital for a single or several participating parties, defined as a school district, charter school, county office of education, or community college district that undertakes the financing or refinancing of a project or of working capital, or a joint venture school facilities construction project.

This bill would authorize the authority to issue revenue bonds to refinance those projects and would revise the definition of “participating party.”

(23) Existing law limits the amount a participating party may borrow from the California School Finance Authority to 85% of the estimated amount of funds to be received by the participating party which will be available in the fiscal year of the borrowing.

This bill would limit the amount a charter school may borrow to 85% of the estimated amount of funds to be received by the charter school which will be available during the term of the loan.

(24) Existing law authorizes a public credit provider, as defined, to require a participating party, with regard to providing credit enhancement for bonds, notes, certificates of participation, or other evidences of indebtedness of a participating party, to agree to specified conditions, including allowing the Controller to allocate specified school district, county office of education, or charter school apportionments to public credit providers if the public credit provider is required to make principal or interest payments, or both, pursuant to the credit enhancement agreement. Existing law imposes those same conditions on securing financing or refinancing for projects or working capital from the California School Finance Authority, in which case the Controller allocates apportionments when a participating party will not make a payment to the authority at the time the payment is required.

This bill would authorize the Controller, in the case of a credit enhancement agreement between a charter school and a public credit provider and in the case of financing secured from the authority, to allocate apportionments designated for charter school categorical block grants.

(25) Existing law authorizes the California School Finance Authority to assign and distribute the state's 2010 federal tax credit bond volume cap for qualified school construction bonds to or for the benefit of charter schools, or to be further assigned and distributed to one or more issuers in the state for the benefit of charter schools, as determined by the authority. Existing law assigns to the authority \$68,406,000 of the state's 2010 federal tax credit bond volume cap for qualified school construction bonds, to be issued for the benefit of charter schools, or to be further assigned and distributed to one or more issuers in the state for the benefit of charter schools, as the authority determines.

This bill would delegate to the authority exclusive control over the use and allocation of the volume cap for qualified school construction bonds and would authorize the authority to use, by resolution, the volume cap for obligations issued by the authority or to allocate the volume cap to any party.

(25.1) Existing law authorizes the governing board of any school district to sell or lease any real property, together with any personal property located on the real property, belonging to the school district which is not or will not be needed by the school district for school classroom buildings at the time of delivery of title or possession.

This bill would require the governing board of a school district seeking to sell or lease real property designed to provide direct instruction or instructional support it deems to be surplus property to first provide a written offer for the sale or lease of the surplus property of the school district to any charter school that has submitted a written request to the school district to be notified of surplus real property offered by the school district for sale or lease. The bill would require any real property sold or leased to a charter school to be used exclusively to provide direct instruction or instructional support for no less than 5 years from the date the real property is available to the charter school pursuant to a sale, or, if the charter school leased the real property, until the real property is returned to the possession of the school district.

The bill would require the price at which the real property is sold to a charter school to not exceed the school district's cost of acquisition, adjusted as specified. The bill would require the annual rate of real property leased to a charter school not to exceed 5% of the maximum sale price. The bill would require the school district advisory committee to hold hearings to receive community input before selling or leasing real property to a charter school. The bill would require these provisions to only apply to real property identified by a school district as surplus property after July 1, 2012.

The bill would make this provision inoperative on June 30, 2013, and would repeal it as of January 1, 2014.

(25.3) Existing law authorizes the governing board of a school district to sell, for less than fair market value, any schoolsite that is deemed to be surplus property of the school district to any park district, city, or county in which the school district is wholly or partially situated for specified uses if the governing board of the school district adopts a resolution specifying that it will sell or transfer the property for less than fair market value to those entities.

This bill would instead authorize the governing board of a school district to sell the surplus property to those entities only if a charter school has not accepted an offer to purchase or lease the property, as described in (25.1).

(25.5) Existing law authorizes a governing board of a school district seeking to sell or lease any real property it deems to be surplus property to first offer that property for sale or lease to any contracting agency, as defined, that provides child care and development services and pursuant to specified conditions.

This bill would instead authorize a governing board of a school district seeking to sell or lease that real property to a contracting agency, only if a charter school has not accepted an offer to purchase or lease the property, as described in (25.1).

(25.7) Existing law requires the sale or lease with an option to purchase of real property by a school district to be made in accordance with specified priorities and procedures, including, among other things, requiring the property to first be offered for park or recreational purposes.

This bill would instead require the sale or lease with an option to purchase of real property to first be offered for sale or lease to

any interested charter school for purposes of providing direct instruction or instructional support, as described in (25.1).

(25.9) Existing law requires the governing board of a school district, before selling or leasing any schoolsite containing specified land, to first offer to sell or lease that portion of the schoolsite containing the land to certain public agencies in accordance with particular priorities, including, among other things, offering to sell or lease the specified land to any city within which the land may be situated.

This bill would instead require the governing board of a school district to only sell or lease any schoolsite containing specified land, as described above, if a charter school has not accepted an offer to purchase or lease the schoolsite, as described in (25.1).

(26) Existing law establishes the School Facilities Emergency Repair Account in the State Treasury, and requires the State Allocation Board to administer the account. Existing law establishes the Proposition 98 Reversion Account in the General Fund, and requires that the Legislature, from time to time, transfer into this account moneys previously appropriated in satisfaction of the constitutional minimum funding requirements that have not been disbursed or otherwise encumbered for the purposes for which they were appropriated. Existing law generally requires an amount, equaling 50% of the unappropriated balance of the Proposition 98 Reversion Account or \$100,000,000, whichever is greater, to be transferred in the annual Budget Act from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account. However, the amount to be transferred under this provision was set at 0 for the 2009–10, 2010–11, and 2011–12 fiscal years.

This bill would set the amount to be transferred under this provision from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account at 0 for the 2012–13 fiscal year.

(27) The Teachers' Retirement Law, which is administered by the Teachers' Retirement Board, prescribes a comprehensive system of rights and benefits for its members, including disability benefits, retirement benefits, and death benefits. That law specifies the days or hours of creditable service that equal "full time" for the purpose of calculating benefits under the Defined Benefit Program, with a minimum standard applied, as specified.

This bill would provide that, if a school district, county office of education, or charter school reduces the number of days of instruction pursuant to a specified provision for the 2012–13 or 2013–14 fiscal years, the minimum standard for full time would be reduced to the number of days of instruction provided by that school district, county office of education, or charter school and the number of hours of instruction equal to the number of days of instruction times 6, as specified.

(28) The California Constitution requires the state to comply with a minimum funding obligation each fiscal year with respect to the support of school districts and community college districts. Existing statutory law specifies that appropriations made to service public debt approved by the voters of the state do not apply toward the constitutional minimum funding obligation for school districts and community college districts.

This bill would include funds appropriated for the Early Start Program and any appropriation made to service general obligation bond debt on behalf of school districts, county offices of education, charter schools, and community college districts in funding that applies toward the constitutional minimum funding obligation for school districts and community college districts. This provision would not become operative until December 15, 2012, and would only become operative if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes. If this provision does not become operative, it would be repealed on January 1, 2013.

(29) Existing law requires, for the 1990–91 fiscal year and each fiscal year thereafter, that moneys to be applied by the state for the support of school districts, community college districts, and direct elementary and secondary level instructional services provided by the state be distributed in accordance with certain calculations governing the proration of those moneys among the 3 segments of public education. Existing law makes that provision inapplicable to the fiscal years between 1992–93 and 2011–12, inclusive.

This bill would make that provision inapplicable to the 2012–13 fiscal year.

(30) Existing law requires the Director of Finance to make a specified adjustment in the percentage of General Fund revenues appropriated for school districts and community college districts for purposes of the provisions of the California Constitution requiring minimum funding for the public schools. This adjustment is related to the implementation of provisions related to the implementation of specified taxes imposed on gasoline and diesel.

This bill would delete the provision requiring the specified adjustment.

(31) Existing law prescribes the percentage of General Fund revenues appropriated for school districts and community college districts for purposes of the provisions of the California Constitution requiring minimum funding for the public schools. Existing law requires the Director of Finance to adjust that percentage in a specified manner for purposes of the 2011–12 fiscal year with respect to the shift to school districts and community college districts of local property tax revenues in connection with the dissolution of redevelopment agencies.

This bill would delete this provision.

(32) Under existing law, the California Constitution requires the state to comply with a minimum funding obligation each fiscal year with respect to the support of school districts and community college districts.

This bill would require, if the moneys applied by the state for the support of school districts and community college districts for the 2011–12 fiscal year exceed the minimum funding required by the California Constitution, that the excess, up to a certain amount, be deemed a payment of a specified fiscal settlement relating to the minimum school funding obligation, as described, for the 2004–05 and 2005–06 fiscal years.

(33) Existing law creates the Charter School Security Fund in the State Treasury, and requires moneys in the fund to be available for deposit into the Charter School Revolving Loan Fund in case of default on any loan made from the Charter School Revolving Loan Fund.

This bill would require the State Department of Education to monitor the adequacy of the amount of funds in the Charter School Revolving Loan Fund and report annually, as specified, to the

Department of Finance and the Controller on the need, if any, to transfer funds from the Charter School Security Fund to the Charter School Revolving Loan Fund to replace funds lost due to loan defaults and would provide for such a transfer to be made, as specified.

(34) Existing law requires the county superintendent of schools to determine a revenue limit for each school district in the county pursuant to a specified formula based on the base revenue limit of the school district for the prior year, adjusted for inflation, and the average daily attendance for the entire school district.

This bill would require the calculations of the base revenue limit for each school district to be reduced by amounts relating to the Redevelopment Property Tax Trust Fund and a proposed constitutional provision relating to education funding.

(35) Existing law requires the county superintendent of schools to determine a revenue limit for each school district in the county and requires the amount of the revenue limit to be adjusted for various factors. Existing law reduces the revenue limit for each school district for the 2011–12 fiscal year by a deficit factor of 20.404%.

This bill would provide that the deficit factor for each school district for the 2012–13 fiscal year would be 22.272%.

(36) Existing law provides that, in lieu of any inflation or cost-of-living adjustment, state funding for specified educational programs is increased in accordance with a prescribed formula.

This bill would provide that child care and development programs would not receive a cost-of-living adjustment in the 2012–13, 2013–14, and 2014–15 fiscal years.

(37) Existing law requires the board of supervisors of a county or city and county to order, and the auditor and treasurer of the county or city and county to make, a temporary transfer from funds of the county or city and county not immediately needed to pay claims against them to the school fund of a school district or county school service fund of the amount needed whenever, prior to the receipt by a school district or county school service fund of its state, county, city and county, or district funds, the school district or county school service fund of the county or city and county does not have sufficient money to its credit to meet current expenses of maintenance.

This bill would authorize a charter school, after all transfer requests for school districts and county offices of education have been satisfied and in circumstances identical to those of a school district or county school service fund, to receive this type of transfer of funds.

(38) Existing law authorizes a county superintendent of schools, with the approval of the county board of education, to make a temporary transfer from the county school service fund to a school district that does not have sufficient money to its credit to meet current operating expenses.

This bill would authorize a charter school in circumstances identical to those of a school district to receive this type of transfer of funds.

(39) Existing law authorizes a county superintendent of schools, with the approval of the county board of education, to make an apportionment to a school district from the county school service fund conditional on the repayment of the apportionment and to transfer that amount from the general fund of the school district to the county school service fund during the next succeeding fiscal year.

This bill would authorize a charter school in circumstances identical to those of a school district to receive this type of apportionment.

(40) Existing law sets forth the minimum number of instructional days and minutes school districts, county offices of education, and charter schools are required to offer and allows a school district, county office of education, and charter school to reduce the equivalent of up to 5 days of instruction or the equivalent number of instructional minutes per school year through the 2014–15 school year.

If the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes, commencing December 15, 2012, this bill, for the 2012–13 and 2013–14 school years, would allow a school district, county office of education, or charter school to provide an instructional year of not less than 160 days or the

equivalent number of instructional minutes. The bill would require implementation of this reduction by a school district, county office of education, or charter school that is subject to collective bargaining to be achieved through the bargaining process. This authority would become inoperative on July 1, 2015, and would be repealed on January 1, 2016. The bill, if that measure is not approved by the voters or does not become operative due to the conflict discussed above, for the 2012–13 fiscal year, would reduce the amount of revenue limit funding received by each school district, county office of education, and charter school by a combined total of \$2,740,377,000 and would require the Superintendent to adjust the amount of categorical funding allocated to basic aid school districts, as defined, in the 2012–13 fiscal year to achieve the reduction in the amount of revenue limit funding.

(41) Existing law states that the law governing charter schools does not prohibit a private person or organization from providing funding or other assistance to the establishment or operation of a charter school.

This bill, until July 1, 2017, would authorize a charter school to contract with a county superintendent of schools or a county board of education for purposes of borrowing moneys, as described above. The bill would require the borrowed moneys to be expended by a charter school solely for purposes of meeting the cash management needs of the charter school due to the deferral of apportionment payments and not for purposes of making capital acquisitions.

(42) Existing law requires the Superintendent to annually compute a general-purpose entitlement, funded from a combination of state aid and local funds, for each charter school, as specified.

This bill would require the computation of the general-purpose entitlement to be reduced by any amount derived from a proposed constitutional provision relating to education funding.

(43) The existing Quality Education Investment Act of 2006 effectuates the intent of the Legislature to implement the terms of the proposed settlement agreement of a specified legal action, to provide for the discharge of the minimum state educational funding requirement, to improve the quality of academic instruction and the level of pupil achievement in schools whose pupils have high levels of poverty and complex educational needs, to develop

exemplary school district and school practices to create working conditions to attract and retain well qualified teachers and administrators, and to focus school resources solely on instructional improvement and pupil services. The act requires, among other things, \$450,000,000 per fiscal year to be appropriated from the General Fund for specified purposes for each of the 2008–09, and 2011–12 to 2014–15 fiscal years, inclusive, and requires those funds to be allocated, as specified, to Sections A and B of the State School Fund. The act requires these appropriations to be deemed General Fund revenues appropriated for school districts and community college districts for the 2004–05 and 2005–06 fiscal years, as specified. A provision of the act provides that, for the 2013–14 fiscal year, various amounts allocated under the act are to be adjusted to reflect the total fiscal settlement agreed to by the parties to the specified legal action referenced above.

This bill would instead appropriate for these purposes from the General Fund \$361,000,000 for the 2012–13 fiscal year, and \$218,322,000 for the 2013–14 fiscal year, for allocation by the Chancellor of the California Community Colleges and the Superintendent, as specified, to be deemed General Fund revenues appropriated for school districts and community college districts.

This bill would require any funds appropriated as described in (32) to be deemed General Fund revenues appropriated for school districts and community college districts for the 2004–05 and 2005–06 fiscal years, as specified. The bill would delay the adjustment related to the total fiscal settlement in the specified legal action until the 2014–15 fiscal year.

(44) Existing law provides that an essential component of transition services for individuals with exceptional needs is the project workability program that provides instruction and experiences that reinforce core curriculum concepts and skills leading to gainful employment. Existing law requires the Superintendent to develop criteria for awarding grants, funding, and evaluating workability projects and requires workability project applications to include, but not be limited to, specified elements.

This bill would define eligible applicants for project workability to include local educational agencies, including school districts, county offices of education, state special schools, and charter schools, and nonpublic, nonsectarian schools, as defined.

(45) Existing law, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Cal Grant Program), establishes the Cal Grant A and B Entitlement awards, the California Community College Transfer Entitlement awards, the Competitive Cal Grant A and B awards, the Cal Grant C awards, and the Cal Grant T awards under the administration of the Student Aid Commission (commission), and establishes eligibility requirements for awards under these programs for participating students attending qualifying institutions.

Existing law requires the maximum award amounts for students at independent institutions to be identified in the annual Budget Act. Existing law states the policy of the Cal Grant Program that the maximum Cal Grant A and B awards for students attending nonpublic institutions be equal to a specified amount.

Commencing with the 2013–14 award year, this bill would set maximum tuition award amounts for Cal Grant A and B awards for new recipients attending private for-profit and nonprofit postsecondary educational institutions, and would require the renewal award amount for a student whose initial award is subject to one of those maximum award amounts to be calculated pursuant to specified law.

(46) Existing law requires the Student Aid Commission to certify by October 1 of each year the institution’s latest 3-year cohort default rate as most recently reported by the United States Department of Education. Existing law provides that, for purposes of the 2012–13 academic year, and every academic year thereafter, an otherwise qualifying institution with a 3-year cohort default rate that is equal to or greater than 30% is ineligible for initial and renewal Cal Grant awards at the institution.

This bill would decrease that 3-year cohort default rate threshold to 15.5%. The bill would, for purposes of the 2012–13 academic year, and every academic year thereafter, make an otherwise qualifying institution ineligible for an initial or renewal Cal Grant award at the institution if the institution has a graduation rate of 30% or less for students taking 150% or less of the expected time to complete degree requirements, as specified, with certain exceptions. The bill also would require the commission to certify by October 1 of each year the institution’s latest graduation rate as reported by the United States Department of Education. The bill would require the commission to provide specified notifications

and information to initial and renewal Cal Grant recipients seeking to attend, or attending, an institution that is ineligible for initial and renewal Cal Grant awards under the provisions of this bill.

(47) The Cal Grant Program prohibits an applicant from receiving one or a combination of Cal Grant awards in excess of a specified amount and from obtaining a baccalaureate degree before receiving a Cal Grant award, except in the case of Cal Grant T awards.

This bill would remove that exception for Cal Grant T awards and would allow a recipient who initially qualified for both a Cal Grant A award and a Cal Grant B award, and received a Cal Grant B award, to be awarded a renewal Cal Grant A award if that recipient subsequently became ineligible for a renewal Cal Grant B award and meets the applicable Cal Grant A financial need and income and asset criteria.

(48) The Cal Grant Program entitles a student who transfers from a California community college to a qualifying institution that offers a baccalaureate degree to receive a Cal Grant A or B award if the student meets specified criteria.

This bill would additionally require that student to have attended a California community college in the academic year immediately preceding the academic year for which the award will be used, except as provided.

(49) Provisions of law that became inoperative on July 1, 2003, and that were repealed on January 1, 2004, established the Governor's Scholarship Programs under the administration of the Scholarshare Investment Board. Existing law expresses the intent of the Legislature to provide explicit authority to the board to continue to administer accounts for, and to make awards to, persons who qualified for awards under the provisions of the Governor's Scholarship Programs as those provisions existed on January 1, 2003, and to provide for the management and disbursement of funds previously set aside for the Governor's Scholarship Programs. Existing law provides that the amount remaining in the Golden State Scholarshare Trust following a specified transfer is available as a reserve for funding claims for awards.

This bill would additionally state the intent of the Legislature to provide a guarantee should additional funds be needed to cover awards authorized and made pursuant to the program. The bill would require the board to negotiate with the current manager of

the program to execute an amended or new management and funding agreement, which would be required to include specified terms. The bill would further state the intent of the Legislature to appropriate the necessary funds to the Golden State Scholarshare Trust for the purpose of funding individual beneficiary accounts if funds retained in the trust after January 1, 2013, are insufficient to cover the remaining withdrawal requests. The bill would require the board to notify the Department of Finance and the Legislature no later than 10 working days after determining that this shortfall in available funding will occur.

(50) Existing law requires the governing board of each community college district to charge each resident a fee of \$46 per unit per semester, and to charge a tuition fee to nonresident students, with certain exceptions, including, but not limited to, exceptions for nonresident students attending a community college pursuant to specified reciprocity agreements with California governing student attendance and fees. Existing law requires those nonresident students to pay a fee of \$42 per course unit.

This bill instead would require those students to pay a per unit fee that is 2 times the amount of the resident fee until June 30, 2013, and 3 times the amount of the resident fee commencing on July 1, 2013, thereby imposing a state-mandated local program.

(51) Existing law requires the Board of Governors of the California Community Colleges to adopt regulations for the payment of apportionments to community college districts. Existing law, notwithstanding the board of governors' authority in this respect, makes various adjustments to the payment of these apportionments by deferring certain amounts of apportionments for January to June, inclusive, to July and October, as specified.

This bill would revise these provisions. Specifically, commencing on December 15, 2012, if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is approved by the voters at the November 6, 2012, statewide general election and all of the provisions of that measure that modify personal income tax rates become operative, this bill would require the deferral of certain amounts of apportionments for February to June, inclusive, to July, and would appropriate \$801,094,000 for expenditure during the 2013–14 fiscal year, to be expended in accordance with certain provisions of the Budget Act of 2012.

If the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at that election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes, commencing on December 15, 2012, the bill would require the deferral of a greater amount of apportionments for February to June, inclusive, to July, and would appropriate \$961,000,000 for expenditure during the 2013–14 fiscal year, to be expended in accordance with certain provisions of the Budget Act of 2012.

(52) Under existing law, the California Constitution requires the total annual appropriations subject to limitation of the state and each local government to not exceed the appropriations limit of the entity of government for the prior year adjusted for the change in the cost of living and the change in population, except as otherwise provided. Existing law, for purposes of effectively and efficiently implementing these government spending limitation provisions of the California Constitution, requires for the 2008–09 to 2012–13 fiscal years, inclusive, the average daily attendance of public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, to include the same amount of average daily attendance for classes for supplemental instruction and regional occupational centers and programs that was used in the 2007–08 fiscal year.

This bill would require the same amount of average daily attendance for classes for supplemental instruction and regional occupational centers and programs that was used in the 2007–08 fiscal year to also be used in the 2013–14 and 2014–15 fiscal years.

(53) Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, including a school district and a community college district, the state is required to provide a subvention of funds to reimburse the local government, with specified exceptions.

This bill, commencing with the 2012–13 fiscal year, would require certain funds appropriated in the annual Budget Act for reimbursement of the cost of a new program or increased level of service of an existing program mandated by statute or executive order to be available as a block grant to school districts, charter

schools, county offices of education, and community college districts to support specified state-mandated local programs. The bill would provide that a school district, charter school, county office of education, or community college district that submits a letter of intent to the Superintendent of Public Instruction and receives block grant funding is not eligible to submit a claim for reimbursement for specified mandated programs for the fiscal year for which the block grant funding is received. The bill would make block grant funds subject to required audits.

The bill would require the Superintendent of Public Instruction to compile a list of all school districts, charter schools, and county offices of education that received block grant funding in the prior fiscal year and the Chancellor of the California Community Colleges to compile a list of all community college districts that received block grant funding in the prior fiscal year and the total amount each school district, charter school, county office of education, and community college district received. The Superintendent and the chancellor would be required to provide this information to the appropriate fiscal and policy committees of the Legislature, the Controller, the Department of Finance, and the Legislative Analyst's Office on or before September 9 of each year.

(54) Existing law authorizes a local agency, defined to include a school district and county board of education, to borrow money and the indebtedness to be represented by a note or notes issued to the lender. Existing law authorizes the local agency to use the money borrowed for any purpose for which the local agency is authorized to use and expend moneys, including, but not limited to, current expenses, capital expenditures, investment and reinvestment, and the discharge of an obligation or indebtedness of the local agency. Existing law requires the notes of certain school districts and county boards of education to be issued by the appropriate county board of supervisors. Existing law requires a note so issued to be a general obligation of the local agency, and, to the extent not paid from the taxes, income, revenue, cash receipts, or other moneys of the local agency pledged for the payment of the note and interest, to be paid from any other moneys of the local agency lawfully available for that purpose.

This bill would authorize a charter school to borrow money pursuant to these provisions.

(55) Existing law authorizes a school district to levy a fee, charge, dedication, or other requirement against any construction within the boundaries of the school district for the purpose of funding the construction or reconstruction of school facilities. Existing law authorizes a school district to increase the levy, as prescribed, if state funds for new school facility construction are not available, as specified.

This bill would suspend the operation of the provision authorizing the increased levy from the day this bill becomes operative until January 1, 2015, or until an earlier date upon the occurrence of a specified circumstance, including passage of a statewide school facilities bond.

(56) The Budget Act of 2011 made numerous appropriations for the support of public education in this state.

This bill would reduce by various amounts appropriations made for purposes of supplemental school counseling, special education, partnership academies, instructional support to assist certain pupils to pass the high school exit examination, English language tutoring to limited-English-proficient pupils, incentive grants to support the hiring of more physical education teachers, the Arts and Music Block Grant, certificated staff mentoring, and community colleges, thereby making an appropriation. The bill also would make available for reappropriation the unencumbered balances of specified appropriations made in prior fiscal years for various educational purposes and would reappropriate \$220,137,000 to the State Department of Education for apportionment for special education programs.

(57) The Administrative Procedure Act, among other things, sets forth procedures for the development, adoption, and promulgation of regulations by administrative agencies charged with the implementation of statutes.

This bill would authorize the State Department of Education, notwithstanding the procedures required by the Administrative Procedure Act, to implement the provision of the bill related to the reduction of the maximum reimbursable amounts for specified contracts and the order of disenrollment from subsidized child care services, as described in (17), through management bulletins or other similar instructions.

(58) The bill would provide that the implementation of the provision of the bill related to the reduction of the maximum

reimbursable amounts for specified contracts and the order of disenrollment from subsidized child care services, as described in (17), is not subject to the appeal and resolution procedures for agencies that contract with the State Department of Education for these purposes.

(59) This bill would set the cost-of-living adjustment for specified items in the Budget Act of 2012 at 0% for the 2012–13 fiscal year, notwithstanding the cost-of-living adjustment specified in existing statutes.

(60) Under existing law, the amount of revenue that a school district may collect annually for general purposes, called a revenue limit, is calculated in accordance with various statutory formulas. A basic aid school district is a school district where property tax revenues exceed the revenue limit and the school district consequently does not receive a state apportionment.

This bill would express legislative intent that basic aid school districts assume categorical funding reductions proportionate to the revenue limit reductions implemented for nonbasic aid school districts in the 2008–09, 2009–10, 2010–11, and 2011–12 fiscal years. The bill would include calculations to implement these funding reductions.

(61) This bill would require that \$12,133,000 of the funds appropriated in the Budget Act of 2011 for purposes of special education programs, be provided to fully fund the 2008–09 maintenance of effort required for special education programs.

(62) Existing law appropriates funding for class size reduction in kindergarten and grades 1 to 3, inclusive, to be expended consistent with the specified requirements.

This bill would require the Superintendent of Public Instruction to certify to the Controller the amounts needed for the 2012–13 fiscal year to fund the Class Size Reduction Program and set forth a schedule for the transfer of that funding. The bill would require the Controller to transfer that funding from the General Fund to the State School Fund.

The bill would require the Superintendent, before making each certification, to notify the Department of Finance, the Legislative Analyst, and the appropriate policy and fiscal committees of the Legislature regarding the amounts the Superintendent intends to certify and would require the notification to include the data used in determining the amounts to be certified.

(63) This bill would appropriate \$905,700,000 from the General Fund to the State Department of Education for 10 specified programs according to a specified schedule, and would require the department to encumber these funds by July 31, 2013. The bill would provide that, for purposes of satisfying the minimum annual funding obligation for school districts required by the California Constitution, the appropriated funds are General Fund revenues appropriated for school districts for the 2012–13 fiscal year.

(64) This bill would require funds appropriated pursuant to specified items in the Budget Act of 2012 to be encumbered by July 31, 2013.

(65) This bill would appropriate \$516,881,000 from the General Fund to the Board of Governors of the California Community Colleges in augmentation of specified funds appropriated in the Budget Act of 2012 for the purpose of increasing apportionment funding to community college districts. This provision would become operative on December 15, 2012, only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative for a specified reason.

(66) Existing law requires the Board of Governors of the California Community Colleges, in calculating each community college district's revenue level for each fiscal year, to subtract, among other things, the local property tax revenue specified by law for general operating support, exclusive of bond interest and redemption, from the total revenues owed.

This bill would appropriate an unspecified amount, on or before June 30, 2012, to be determined by the Director of Finance, up to \$116,133,000, from the General Fund to the Board of Governors of the California Community Colleges in augmentation of an item of the Budget Act of 2011 related to community colleges if revenues distributed to community colleges pursuant to specified provisions related to the dissolution of redevelopment agencies are less than estimated in the Budget Act of 2011. The bill would require the Director of Finance, in making this determination, to consider any other local property tax revenues and student fee revenues collected in excess of the estimated amount of those revenues as reflected in the Budget Act of 2012. The bill would

provide that, for purposes of satisfying the minimum annual funding obligation for community college districts required by the California Constitution, the appropriated funds are General Fund revenues appropriated for community college districts in the 2011–12 fiscal year. The bill would make a similar appropriation of an unspecified amount, without the \$116,133,000 limit, on or before June 30, 2013, in augmentation of an item of the Budget Act of 2012 related to community colleges.

(67) This bill would also appropriate an unspecified amount, up to \$19,347,000, on or before June 30, 2012, to the Superintendent of Public Instruction, in augmentation of an item of the Budget Act of 2011 related to special education programs of local educational agencies. The bill would make a similar appropriation of an unspecified amount, without the \$19,347,000 limit, to the extent of excess revenues, as specified, on or before June 30, 2013, in augmentation of an item of the Budget Act of 2012 related to special education programs of local educational agencies.

(68) This bill would require the Chancellor of the California Community Colleges, as approved by the Department of Finance and on or before November 30, 2012, to reduce community college district based workload measures to match available general-purpose apportionment funding if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes. The bill would state the intent of the Legislature that any necessary workload reductions be made in courses and programs outside of those needed by students to achieve their basic skills, workforce training, or transfer goals. The bill would require the chancellor, on or before September 15, 2013, to provide the fiscal committees of both houses of the Legislature and the Director of Finance with a report on the implementation of the workload reduction.

(69) This bill would require that, if the Schools and Local Public Safety Protection Act of 2012 is approved by the voters at the November 6, 2012, statewide general election, and all of the

provisions of that act that modify personal income tax rates become operative, \$50,000,000 would be transferred between specified budget items for the purpose of providing growth funding to community college districts, as specified.

(70) This bill would direct the Director of Finance to reduce a specified appropriation made in the Budget Act of 2012 to the State Department of Developmental Services by \$197,152,000 and would appropriate that amount to the State Department of Developmental Services for purposes of the Early Start Program. This provision would become operative on December 15, 2012, only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes.

(71) This bill would make conforming changes, correct cross-references, and make other nonsubstantive changes.

(72) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(73) Funds appropriated by this bill would be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.

(74) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 1042 of the Education Code is amended to read:

1042. County boards of education may do all of the following:

(a) Adopt rules and regulations governing the administration of the office of the county superintendent of schools.

(b) Review the county superintendent of schools annual itemized estimate of anticipated revenue and expenditures before the annual itemized estimate is filed with the auditor as required by Section 29040 of the Government Code, and make revisions, reductions, or additions in the annual itemized estimate it deems advisable and proper. An annual itemized estimate shall not be filed by the county superintendent of schools or be approved by the board of supervisors until it has first been so reviewed and approved by the county board of education.

(c) In the name by which the county board of education is designated, acquire, lease, lease-purchase, hold, and convey real property for the purpose of housing the offices and the services of the county superintendent of schools, except that this subdivision shall only apply to the county boards of education to which all or a portion of the duties and functions of the county board of supervisors specified in subdivision (b) of Section 1080 have been transferred, with the exception of the recreational duties and recreational functions specified in subdivisions (c) and (d) of Section 1080.

(d) Contract with and employ any persons for the furnishing to the county board of education of special services and advice in financial, economic, accounting, engineering, legal, or administrative matters if these persons are specially trained and experienced and competent to perform the special services required. The county board of education may pay to these persons from any available funds the compensation that it deems proper for the services rendered.

(e) (1) Notwithstanding Section 25304 of the Government Code, fill by appointment any vacancy that occurs during the term of office of the county superintendent of schools. In a county in which the county superintendent of schools is elected, the appointee shall hold office until the office is filled by election at the next gubernatorial election.

(2) The authority described in this subdivision shall be vested in a county board of education only upon its adoption by the county board of education at a public meeting held pursuant to Article 1 (commencing with Section 1000).

(f) (1) Subject to the concurrence of the county superintendent of schools pursuant to paragraph (3), use and expend moneys from the proceeds of notes issued pursuant to the authority granted in Article 7.6 (commencing with Section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code, to make loans to a charter school for which the county board of education or the county superintendent of schools has a supervisory responsibility or, regardless of whether the charter school is within or outside of the county, with which the county board of education or the county superintendent of schools has a contractual relationship pursuant to subdivision (b) of Section 47603. Moneys borrowed by the county board of education for the purpose of making a loan to a charter school shall be payable solely from the funds of the charter school and shall not constitute a debt or liability of the county board of education or the county superintendent of schools, notwithstanding the provisions of Section 53857 of the Government Code, or any other law.

(2) The State of California is not liable for any debt or liability within the meaning of Section 1 of Article XVI of the California Constitution, or otherwise, for loans made pursuant to this subdivision.

(3) Before the county board of education makes a loan pursuant to this subdivision, the county superintendent of schools shall do all of the following:

(A) Advise the chartering authority of the charter school and the county office of education in which the charter school is primarily located that the charter school has requested the loan.

(B) Allow the chartering authority and county office of education to provide input regarding the advisability of making the loan.

(C) Solicit a recommendation from a recognized authority on school district financial management who is not an employee of the county office of education about the advisability of making the loan. The recommendation shall consider the financial condition of the charter school, the level of risk assumed by the county office of education, and the potential impact on the county office of education if the charter school is unable to repay the loan.

(D) Disclose the information received pursuant to subparagraphs (B) and (C) at a regularly scheduled meeting of the county board of education.

(E) Determine whether to concur with the intent of the county board of education to make the loan.

(4) In any fiscal year, a charter school shall not receive more than one loan that is made pursuant to this subdivision.

(5) (A) As a condition of making a loan to a charter school pursuant to this subdivision, a county board of education shall report to the department by September 15 of each year the following information on loans made to charter schools within the prior fiscal year:

(i) The name and address of each charter school that received a loan, including the name of the county in which the charter school is located.

(ii) The amount of the loan, including the interest rate, that each charter school received.

(iii) The total amount of money loaned to charter schools by the county board of education.

(iv) The average duration of loans made to charter schools.

(v) The current status of each loan, including whether or not the charter school has repaid the loan.

(B) No later than December 1 of each year, the department shall compile the information reported by the county boards of education pursuant to subparagraph (A) into one report and submit this information to the appropriate policy and fiscal committees of the Legislature, the Department of Finance, and the Legislative Analyst's Office.

(g) This section shall become inoperative on July 1, 2017, and, as of January 1, 2018, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2018, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 2. Section 1042 is added to the Education Code, to read:

1042. County boards of education may do all of the following:

(a) Adopt rules and regulations governing the administration of the office of the county superintendent of schools.

(b) Review the county superintendent of schools annual itemized estimate of anticipated revenue and expenditures before the annual itemized estimate is filed with the auditor as required by Section 29040 of the Government Code, and make revisions, reductions, or additions in the annual itemized estimate it deems advisable and proper. An annual itemized estimate shall not be filed by the county superintendent of schools or be approved by the board of

supervisors until it has first been so reviewed and approved by the county board of education.

(c) In the name by which the board of education is designated, acquire, lease, lease-purchase, hold, and convey real property for the purpose of housing the offices and the services of the county superintendent of schools, except that this subdivision shall only apply to the county boards of education to which all or a portion of the duties and functions of the county board of supervisors specified in subdivision (b) of Section 1080 have been transferred, with the exception of the recreational duties and recreational functions specified in subdivisions (c) and (d) of Section 1080.

(d) Contract with and employ any persons for the furnishing to the county board of education of special services and advice in financial, economic, accounting, engineering, legal, or administrative matters if these persons are specially trained and experienced and competent to perform the special services required. The county board of education may pay from any available funds the compensation that it deems proper for the services rendered.

(e) (1) Notwithstanding Section 25304 of the Government Code, fill by appointment any vacancy that occurs during the term of office of the county superintendent of schools. In a county in which the superintendent is elected, the appointee shall hold office until the office is filled by election at the next gubernatorial election.

(2) The authority described in this subdivision shall be vested in a county board of education only upon its adoption by the board at a public meeting held pursuant to Article 1 (commencing with Section 1000).

(f) This section shall become operative on July 1, 2017.

SEC. 3. Section 2558 of the Education Code is amended to read:

2558. Notwithstanding any other law, for the 1979–80 fiscal year and each fiscal year thereafter, the Superintendent shall apportion state aid to county superintendents of schools pursuant to this section.

(a) The Superintendent shall total the amounts computed for the fiscal year pursuant to Sections 2550, 2551.3, 2554, 2555, and 2557 and Section 2551, as that section read on January 1, 1999. For the 1979–80 fiscal year and for purposes of calculating the 1979–80 fiscal year base amounts in succeeding fiscal years, the amounts in Sections 2550, 2551, 2552, 2554, 2555, and 2557, as

they read in the 1979–80 fiscal year, shall be multiplied by a factor of 0.994. For the 1981–82 fiscal year and for purposes of calculating the 1981–82 fiscal year base amounts in succeeding fiscal years, the amount in this subdivision shall be multiplied by a factor of 0.97.

(b) For the 1995–96 fiscal year and each fiscal year thereafter, the county superintendent of schools shall adjust the total revenue limit computed pursuant to this section by the amount of increased or decreased employer contributions to the Public Employees' Retirement System resulting from the enactment of Chapter 330 of the Statutes of 1982, adjusted for any changes in those contributions resulting from subsequent changes in employer contribution rates, excluding rate changes due to the direct transfer of the state-mandated portion of the employer contributions to the Public Employees' Retirement System through the current fiscal year. The adjustment shall be calculated for each county superintendent of schools as follows:

(1) Determine the amount of employer contributions that would have been made in the current fiscal year if the applicable Public Employees' Retirement System employee contribution rate in effect immediately before the enactment of Chapter 330 of the Statutes of 1982 were in effect during the current fiscal year.

(2) Determine the actual amount of employer contributions made to the Public Employees' Retirement System in the current fiscal year.

(3) If the amount determined in paragraph (1) is greater than the amount determined in paragraph (2), the total revenue limit computed pursuant to this part for that county superintendent of schools shall be decreased by the amount of the difference between those paragraphs; or if the amount determined in paragraph (1) is less than the amount determined in paragraph (2), the total revenue limit for that county superintendent of schools shall be increased by the amount of the difference between those paragraphs.

(4) For purposes of this subdivision, employer contributions to the Public Employees' Retirement System for either of the following positions shall be excluded from the calculation specified above:

(A) Positions or portions of positions supported by federal funds that are subject to supplanting restrictions.

(B) Positions supported, to the extent of employers' contributions not exceeding twenty-five thousand dollars (\$25,000) by any single educational agency, from a non-General Fund revenue source determined to be properly excludable from this subdivision by the Superintendent with the approval of the Director of Finance. Commencing in the 2002–03 fiscal year, only positions supported from a non-General Fund revenue source determined to be properly excludable as identified for a particular local educational agency or pursuant to a blanket waiver by the Superintendent and the Director of Finance, before the 2002–03 fiscal year, may be excluded pursuant to this paragraph.

(5) For accounting purposes, any reduction to county office of education revenue limits made by this subdivision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent.

(6) The amount of the increase or decrease to the revenue limits of county superintendents of schools made by this subdivision for the 1995–96 to 2001–02 fiscal years, inclusive, may not be adjusted by the deficit factor applied to the revenue limit of each county superintendent of schools pursuant to Section 2558.45.

(7) For the 2003–04 fiscal year and any fiscal year thereafter, the revenue limit reduction specified in Section 2558.46 may not be applied to the amount of the increase or decrease to the revenue limits of each county superintendent of schools computed pursuant to paragraph (3).

(c) The Superintendent shall also subtract from the amount determined in subdivision (a) the sum of all of the following:

(1) Local property tax revenues received pursuant to Section 2573 in the then current fiscal year, and tax revenues received pursuant to Section 2556 in the then current fiscal year.

(2) State and federal categorical aid for the fiscal year.

(3) District contributions pursuant to Section 52321 for the fiscal year, and other applicable local contributions and revenues.

(4) Any amounts that the county superintendent of schools was required to maintain as restricted and not available for expenditure in the 1978–79 fiscal year as specified in the second paragraph of subdivision (c) of Section 6 of Chapter 292 of the Statutes of 1978, as amended by Chapter 51 of the Statutes of 1979.

(5) The amount received pursuant to subparagraph (C) of paragraph (3) of subdivision (a) of Section 33607.5 of the Health

and Safety Code that is considered property taxes pursuant to that section.

(6) The amount, if any, received pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code.

(7) The amount, if any, received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(d) The remainder computed in subdivision (c) shall be distributed in the same manner as state aid to school districts from funds appropriated to Section A of the State School Fund.

(e) If the remainder determined pursuant to subdivision (c) is a negative amount, no state aid shall be distributed to that county superintendent of schools pursuant to subdivision (d), and an amount of funds of that county superintendent of schools equal to that negative amount shall be deemed restricted and not available for expenditure during the current fiscal year. In the next fiscal year, that amount shall be considered local property tax revenue for purposes of the operation of paragraph (1) of subdivision (c).

(f) The calculations set forth in paragraphs (1) to (3), inclusive, of subdivision (b) exclude employer contributions for employees of charter schools funded pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4 of Title 2.

SEC. 4. Section 2558.46 of the Education Code, as amended by Section 1 of Chapter 2 of the Statutes of 2012, is amended to read:

2558.46. (a) (1) For the 2003–04 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 1.195 percent deficit factor.

(2) For the 2004–05 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 0.323 percent deficit factor.

(3) For the 2003–04 and 2004–05 fiscal years, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced further by a 1.826 percent deficit factor.

(4) For the 2005–06 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced further by a 0.898 percent deficit factor.

(5) For the 2008–09 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 7.839 percent deficit factor.

(6) For the 2009–10 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by an 18.621 percent deficit factor.

(7) For the 2010–11 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by an 18.250 percent deficit factor.

(8) For the 2011–12 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 20.691 percent deficit factor.

(9) For the 2012–13 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 22.549 percent deficit factor.

(b) In computing the revenue limit for each county superintendent of schools for the 2006–07 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2003–04, 2004–05, and 2005–06 fiscal years without being reduced by the deficit factors specified in subdivision (a).

(c) In computing the revenue limit for each county superintendent of schools for the 2010–11 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2009–10 fiscal year without being reduced by the deficit factors specified in subdivision (a).

(d) In computing the revenue limit for each county superintendent of schools for the 2011–12 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2010–11 fiscal year without being reduced by the deficit factors specified in subdivision (a).

(e) In computing the revenue limit for each county superintendent of schools for the 2012–13 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2011–12 fiscal year without being reduced by the deficit factor specified in subdivision (a).

(f) In computing the revenue limit for each county superintendent of schools for the 2013–14 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined

for the 2012–13 fiscal year without being reduced by the deficit factors specified in subdivision (a).

SEC. 5. Section 2571 of the Education Code is amended to read:

2571. The Superintendent shall make the following computations for each county superintendent of schools:

(a) Add the property tax revenues received for the 1977–78 fiscal year pursuant to subdivisions (b), (c), and (d) of Section 2500, Section 2501 for purposes of Section 1705, Section 2502 for purposes of Section 56811, Section 2505 for special education tuition charges, Section 42909 for purposes of Section 56604, and Section 56364 or Section 56364.2, as applicable. For purposes of this subdivision, section references are to sections effective during the 1977–78 fiscal year.

(b) Divide the sum computed pursuant to subdivision (a) by the total amount of property tax revenues received by the county superintendent of schools for the 1977–78 fiscal year.

(c) Multiply the quotient computed pursuant to subdivision (b) by the total amount of property tax revenues received by the county superintendent of schools for the then current fiscal year.

(d) Subtract the product computed pursuant to subdivision (c) from the total amount of property tax revenues received by the county superintendent of schools for the then current fiscal year.

(e) For purposes of subdivisions (c) and (d), “total property tax revenues” include taxes on the secured roll, taxes on the unsecured roll, prior year taxes, subventions of property taxes, and, beginning in the 2012–13 fiscal year, revenues received pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code.

SEC. 6. Section 8208 of the Education Code is amended to read:

8208. As used in this chapter:

(a) “Alternative payments” includes payments that are made by one child care agency to another agency or child care provider for the provision of child care and development services, and payments that are made by an agency to a parent for the parent’s purchase of child care and development services.

(b) “Alternative payment program” means a local government agency or nonprofit organization that has contracted with the

department pursuant to Section 8220.1 to provide alternative payments and to provide support services to parents and providers.

(c) “Applicant or contracting agency” means a school district, community college district, college or university, county superintendent of schools, county, city, public agency, private nontax-exempt agency, private tax-exempt agency, or other entity that is authorized to establish, maintain, or operate services pursuant to this chapter. Private agencies and parent cooperatives, duly licensed by law, shall receive the same consideration as any other authorized entity with no loss of parental decisionmaking prerogatives as consistent with the provisions of this chapter.

(d) “Assigned reimbursement rate” is that rate established by the contract with the agency and is derived by dividing the total dollar amount of the contract by the minimum child day of average daily enrollment level of service required.

(e) “Attendance” means the number of children present at a child care and development facility. “Attendance,” for purposes of reimbursement, includes excused absences by children because of illness, quarantine, illness or quarantine of their parent, family emergency, or to spend time with a parent or other relative as required by a court of law or that is clearly in the best interest of the child.

(f) “Capital outlay” means the amount paid for the renovation and repair of child care and development facilities to comply with state and local health and safety standards, and the amount paid for the state purchase of relocatable child care and development facilities for lease to qualifying contracting agencies.

(g) “Caregiver” means a person who provides direct care, supervision, and guidance to children in a child care and development facility.

(h) “Child care and development facility” means a residence or building or part thereof in which child care and development services are provided.

(i) “Child care and development programs” means those programs that offer a full range of services for children from infancy to 13 years of age, for any part of a day, by a public or private agency, in centers and family child care homes. These programs include, but are not limited to, all of the following:

- (1) General child care and development.
- (2) Migrant child care and development.

(3) Child care provided by the California School Age Families Education Program (Article 7.1 (commencing with Section 54740) of Chapter 9 of Part 29 of Division 4 of Title 2).

(4) California state preschool program.

(5) Resource and referral.

(6) Child care and development services for children with exceptional needs.

(7) Family child care home education network.

(8) Alternative payment.

(9) Schoolage community child care.

(j) “Child care and development services” means those services designed to meet a wide variety of needs of children and their families, while their parents or guardians are working, in training, seeking employment, incapacitated, or in need of respite. These services may include direct care and supervision, instructional activities, resource and referral programs, and alternative payment arrangements.

(k) “Children at risk of abuse, neglect, or exploitation” means children who are so identified in a written referral from a legal, medical, or social service agency, or emergency shelter.

(l) “Children with exceptional needs” means either of the following:

(1) Infants and toddlers under three years of age who have been determined to be eligible for early intervention services pursuant to the California Early Intervention Services Act (Title 14 (commencing with Section 95000) of the Government Code) and its implementing regulations. These children include an infant or toddler with a developmental delay or established risk condition, or who is at high risk of having a substantial developmental disability, as defined in subdivision (a) of Section 95014 of the Government Code. These children shall have active individualized family service plans, shall be receiving early intervention services, and shall be children who require the special attention of adults in a child care setting.

(2) Children 3 to 21 years of age, inclusive, who have been determined to be eligible for special education and related services by an individualized education program team according to the special education requirements contained in Part 30 (commencing with Section 56000) of Division 4 of Title 2, and who meet eligibility criteria described in Section 56026 and, Article 2.5

(commencing with Section 56333) of Chapter 4 of Part 30 of Division 4 of Title 2, and Sections 3030 and 3031 of Title 5 of the California Code of Regulations. These children shall have an active individualized education program, shall be receiving early intervention services or appropriate special education and related services, and shall be children who require the special attention of adults in a child care setting. These children include children with intellectual disabilities, hearing impairments (including deafness), speech or language impairments, visual impairments (including blindness), serious emotional disturbance (also referred to as emotional disturbance), orthopedic impairments, autism, traumatic brain injury, other health impairments, or specific learning disabilities, who need special education and related services consistent with Section 1401(3)(A) of Title 20 of the United States Code.

(m) “Closedown costs” means reimbursements for all approved activities associated with the closing of operations at the end of each growing season for migrant child development programs only.

(n) “Cost” includes, but is not limited to, expenditures that are related to the operation of child care and development programs. “Cost” may include a reasonable amount for state and local contributions to employee benefits, including approved retirement programs, agency administration, and any other reasonable program operational costs. “Cost” may also include amounts for licensable facilities in the community served by the program, including lease payments or depreciation, downpayments, and payments of principal and interest on loans incurred to acquire, rehabilitate, or construct licensable facilities, but these costs shall not exceed fair market rents existing in the community in which the facility is located. “Reasonable and necessary costs” are costs that, in nature and amount, do not exceed what an ordinary prudent person would incur in the conduct of a competitive business.

(o) “Elementary school,” as contained in former Section 425 of Title 20 of the United States Code (the National Defense Education Act of 1958, Public Law 85-864, as amended), includes early childhood education programs and all child development programs, for the purpose of the cancellation provisions of loans to students in institutions of higher learning.

(p) “Family child care home education network” means an entity organized under law that contracts with the department pursuant to Section 8245 to make payments to licensed family child care home providers and to provide educational and support services to those providers and to children and families eligible for state-subsidized child care and development services. A family child care home education network may also be referred to as a family child care home system.

(q) “Health services” include, but are not limited to, all of the following:

(1) Referral, whenever possible, to appropriate health care providers able to provide continuity of medical care.

(2) Health screening and health treatment, including a full range of immunization recorded on the appropriate state immunization form to the extent provided by the Medi-Cal Act (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code) and the Child Health and Disability Prevention Program (Article 6 (commencing with Section 124025) of Chapter 3 of Part 2 of Division 106 of the Health and Safety Code), but only to the extent that ongoing care cannot be obtained utilizing community resources.

(3) Health education and training for children, parents, staff, and providers.

(4) Followup treatment through referral to appropriate health care agencies or individual health care professionals.

(r) “Higher educational institutions” means the Regents of the University of California, the Trustees of the California State University, the Board of Governors of the California Community Colleges, and the governing bodies of any accredited private nonprofit institution of postsecondary education.

(s) “Intergenerational staff” means persons of various generations.

(t) “Limited-English-speaking-proficient and non-English-speaking-proficient children” means children who are unable to benefit fully from an English-only child care and development program as a result of either of the following:

(1) Having used a language other than English when they first began to speak.

(2) Having a language other than English predominantly or exclusively spoken at home.

(u) “Parent” means a biological parent, stepparent, adoptive parent, foster parent, caretaker relative, or any other adult living with a child who has responsibility for the care and welfare of the child.

(v) “Program director” means a person who, pursuant to Sections 8244 and 8360.1, is qualified to serve as a program director.

(w) “Proprietary child care agency” means an organization or facility providing child care, which is operated for profit.

(x) “Resource and referral programs” means programs that provide information to parents, including referrals and coordination of community resources for parents and public or private providers of care. Services frequently include, but are not limited to: technical assistance for providers, toy-lending libraries, equipment-lending libraries, toy- and equipment-lending libraries, staff development programs, health and nutrition education, and referrals to social services.

(y) “Severely disabled children” are children with exceptional needs from birth to 21 years of age, inclusive, who require intensive instruction and training in programs serving pupils with the following profound disabilities: autism, blindness, deafness, severe orthopedic impairments, serious emotional disturbances, or severe intellectual disabilities. “Severely disabled children” also include those individuals who would have been eligible for enrollment in a developmental center for handicapped pupils under Chapter 6 (commencing with Section 56800) of Part 30 of Division 4 of Title 2 as it read on January 1, 1980.

(z) “Short-term respite child care” means child care service to assist families whose children have been identified through written referral from a legal, medical, or social service agency, or emergency shelter as being neglected, abused, exploited, or homeless, or at risk of being neglected, abused, exploited, or homeless. Child care is provided for less than 24 hours per day in child care centers, treatment centers for abusive parents, family child care homes, or in the child’s own home.

(aa) (1) “Site supervisor” means a person who, regardless of his or her title, has operational program responsibility for a child care and development program at a single site. A site supervisor shall hold a permit issued by the Commission on Teacher Credentialing that authorizes supervision of a child care and development program operating in a single site. The Superintendent

may waive the requirements of this subdivision if the Superintendent determines that the existence of compelling need is appropriately documented.

(2) For California state preschool programs, a site supervisor may qualify under any of the provisions in this subdivision, or may qualify by holding an administrative credential or an administrative services credential. A person who meets the qualifications of a program director under both Sections 8244 and 8360.1 is also qualified under this subdivision.

(ab) “Standard reimbursement rate” means that rate established by the Superintendent pursuant to Section 8265.

(ac) “Startup costs” means those expenses an agency incurs in the process of opening a new or additional facility before the full enrollment of children.

(ad) “California state preschool program” means part-day and full-day educational programs for low-income or otherwise disadvantaged three- and four-year-old children.

(ae) “Support services” means those services that, when combined with child care and development services, help promote the healthy physical, mental, social, and emotional growth of children. Support services include, but are not limited to: protective services, parent training, provider and staff training, transportation, parent and child counseling, child development resource and referral services, and child placement counseling.

(af) “Teacher” means a person with the appropriate permit issued by the Commission on Teacher Credentialing who provides program supervision and instruction that includes supervision of a number of aides, volunteers, and groups of children.

(ag) “Underserved area” means a county or subcounty area, including, but not limited to, school districts, census tracts, or ZIP Code areas, where the ratio of publicly subsidized child care and development program services to the need for these services is low, as determined by the Superintendent.

(ah) “Workday” means the time that the parent requires temporary care for a child for any of the following reasons:

- (1) To undertake training in preparation for a job.
- (2) To undertake or retain a job.
- (3) To undertake other activities that are essential to maintaining or improving the social and economic function of the family, are

beneficial to the community, or are required because of health problems in the family.

(ai) “Three-year-old children” means children who will have their third birthday on or before the date specified of the fiscal year in which they are enrolled in a California state preschool program, as follows:

(1) November 1 of the 2012–13 fiscal year.

(2) October 1 of the 2013–14 fiscal year.

(3) September 1 of the 2014–15 fiscal year and each fiscal year thereafter.

(aj) “Four-year-old children” means children who will have their fourth birthday on or before the date specified of the fiscal year in which they are enrolled in a California state preschool program, as follows:

(1) November 1 of the 2012–13 fiscal year.

(2) October 1 of the 2013–14 fiscal year.

(3) September 1 of the 2014–15 fiscal year and each fiscal year thereafter.

(ak) “Local educational agency” means a school district, a county office of education, a community college district, or a school district on behalf of one or more schools within the school district.

SEC. 7. Section 8235 of the Education Code is amended to read:

8235. (a) The Superintendent shall administer all California state preschool programs. Those programs shall include, but not be limited to, part-day age and developmentally appropriate programs designed to facilitate the transition to kindergarten for three- and four-year-old children in educational development, health services, social services, nutritional services, parent education and parent participation, evaluation, and staff development. Preschool programs for which federal reimbursement is not available shall be funded as prescribed by the Legislature in the Budget Act, and unless otherwise specified by the Legislature, shall not use federal funds made available through Title XX of the federal Social Security Act (42 U.S.C. Sec. 1397).

(b) Three- and four-year-old children are eligible for the part-day California state preschool program if the family meets at least one of the criteria specified in paragraph (1) of subdivision (a) of Section 8263.

(c) Notwithstanding any other law, a part-day California state preschool program may provide services to children in families whose income is no more than 15 percent above the income eligibility threshold, as described in Sections 8263 and 8263.1, after all eligible three- and four-year-old children have been enrolled. No more than 10 percent of children enrolled, calculated throughout the participating program's entire contract, may be filled by children in families above the income eligibility threshold.

(d) A part-day California state preschool program shall operate for a minimum of (1) three hours per day, excluding time for home-to-school transportation, and (2) a minimum of 175 days per year, unless the contract specifies a lower number of days of operation.

(e) Any agency described in subdivision (c) of Section 8208 as an "applicant or contracting agency" is eligible to contract to operate a California state preschool program.

(f) Part-day preschool services shall be reimbursed on a per capita basis, as determined by the Superintendent, and contingent on funding being provided for the part-day preschool services in the annual Budget Act.

(g) Federal Head Start funds used to provide services to families receiving California state preschool services shall be deemed nonrestricted funds.

SEC. 8. Section 8236.1 of the Education Code is amended to read:

8236.1. The department shall annually monitor funding used in general child care and development programs for infants and toddlers, and hours of service provided in the California state preschool program, and shall annually report to the Department of Finance and to the Legislature a statewide summary identifying the estimated funding used for infants and toddlers, and the number of preschool age children receiving part-day preschool and wraparound child care services, as defined in subdivision (f) of Section 8239. The annual report shall include a comparison to the prior year on a county-by-county basis.

SEC. 9. Section 8236.2 of the Education Code is repealed.

SEC. 10. Section 8238 of the Education Code is amended to read:

8238. As a condition of receipt of funds pursuant to Section 8238.4, a participating part-day preschool program shall coordinate the provision of all of the following:

(a) Opportunities for parents and legal guardians to work with their children on interactive literacy activities. For purposes of this subdivision, “interactive literacy activities” means activities in which parents or legal guardians actively participate in facilitating the acquisition by their children of prereading skills through guided activities such as shared reading, learning the alphabet, and basic vocabulary development.

(b) Parenting education for parents and legal guardians of children in participating classrooms to support the development by their children of literacy skills. Parenting education shall include, but not be limited to, instruction in all of the following:

(1) Providing support for the educational growth and success of their children.

(2) Improving parent-school communications and parental understanding of school structures and expectations.

(3) Becoming active partners with teachers in the education of their children.

(c) Referrals, as necessary, to providers of instruction in adult education and English as a second language in order to improve the academic skills of parents and legal guardians of children in participating classrooms.

(d) Staff development for teachers in participating classrooms that includes, but is not limited to, all of the following:

(1) Development of a pedagogical knowledge, including, but not limited to, improved instructional strategies.

(2) Knowledge and application of developmentally appropriate assessments of the prereading skills of children in participating classrooms.

(3) Information on working with families, including the use of onsite coaching, for guided practice in interactive literacy activities.

SEC. 11. Section 8238.1 of the Education Code is repealed.

SEC. 12. Section 8238.2 of the Education Code is repealed.

SEC. 13. Section 8238.3 of the Education Code is repealed.

SEC. 14. Section 8238.4 of the Education Code is amended to read:

8238.4. (a) A family literacy supplemental grant shall be made available and distributed to qualifying California state preschool

classrooms, as determined by the Superintendent, at a rate of two thousand five hundred dollars (\$2,500) per class. The Superintendent shall distribute the family literacy supplemental grant funds according to the following priorities:

(1) First priority shall be assigned to California state preschool programs that contract to receive this funding before July 1, 2012. These programs shall receive this funding until their contract is terminated or the California state preschool program no longer provides family literacy services.

(2) Second priority shall be assigned to California state preschool programs operating classrooms located in the attendance area of elementary schools in deciles 1 to 3, inclusive, based on the most recently published Academic Performance Index pursuant to Section 52056. The Superintendent shall use a lottery process in implementing this paragraph.

(b) A family literacy supplemental grant distributed pursuant to this section shall be used for purposes specified in Section 8238.

(c) Implementation of this section is contingent upon funding being provided for family literacy supplemental grants for California state preschool programs in the annual Budget Act or other statute.

SEC. 15. Section 8238.5 of the Education Code is repealed.

SEC. 16. Section 8238.6 of the Education Code is repealed.

SEC. 17. Section 8239 of the Education Code is amended to read:

8239. The Superintendent shall encourage state preschool program applicants or contracting agencies to offer full-day services through a combination of part-day preschool slots and wraparound general child care and development programs. In order to facilitate a full-day of services, all of the following shall apply:

(a) Part-day preschool programs provided pursuant to this section shall operate between 175 and 180 days.

(b) Wraparound general child care and development programs provided pursuant to this section may operate a minimum of 246 days per year unless the child development contract specified a lower minimum days of operation. Part-day general child care and development programs may operate a full-day for the remainder of the year after the completion of the preschool program.

(c) Part-day preschool services combined with wraparound child care services shall be reimbursed at no more than the full-day

standard reimbursement rate for general child care programs with adjustment factors, pursuant to Section 8265 and as determined in the annual Budget Act.

(d) Three- and four-year-old children are eligible for wraparound child care services to supplement the part-day California state preschool program if the family meets at least one of the criteria specified in paragraph (1) of subdivision (a) of Section 8263, and the parents meet at least one of the criteria specified in paragraph (2) of subdivision (a) of Section 8263.

(e) Fees shall be assessed and collected for families with children in part-day preschool programs, or families receiving wraparound child care services, or both, pursuant to subdivisions (g) and (h) of Section 8263.

(f) For purposes of this section, “wraparound child care services” and “wraparound general child care and development programs” mean services provided for the remaining portion of the day or remainder of the year following the completion of part-day preschool services that are necessary to meet the child care needs of parents eligible pursuant to subdivision (a) of Section 8263. These services shall be provided consistent with the general child care and development programs provided pursuant to Article 8 (commencing with Section 8240).

SEC. 18. Section 8263 of the Education Code is amended to read:

8263. (a) The Superintendent shall adopt rules and regulations on eligibility, enrollment, and priority of services needed to implement this chapter. In order to be eligible for federal and state subsidized child development services, families shall meet at least one requirement in each of the following areas:

(1) A family is (A) a current aid recipient, (B) income eligible, (C) homeless, or (D) one whose children are recipients of protective services, or whose children have been identified as being abused, neglected, or exploited, or at risk of being abused, neglected, or exploited.

(2) A family needs the child care services (A) because the child is identified by a legal, medical, or social services agency, or emergency shelter as (i) a recipient of protective services or (ii) being neglected, abused, or exploited, or at risk of neglect, abuse, or exploitation, or (B) because the parents are (i) engaged in vocational training leading directly to a recognized trade,

paraprofession, or profession, (ii) employed or seeking employment, (iii) seeking permanent housing for family stability, or (iv) incapacitated.

(b) Except as provided in Article 15.5 (commencing with Section 8350), priority for federal and state subsidized child development services is as follows:

(1) (A) First priority shall be given to neglected or abused children who are recipients of child protective services, or children who are at risk of being neglected or abused, upon written referral from a legal, medical, or social services agency. If an agency is unable to enroll a child in the first priority category, the agency shall refer the family to local resource and referral services to locate services for the child.

(B) A family who is receiving child care on the basis of being a child at risk of abuse, neglect, or exploitation, as defined in subdivision (k) of Section 8208, is eligible to receive services pursuant to subparagraph (A) for up to three months, unless the family becomes eligible pursuant to subparagraph (C).

(C) A family may receive child care services for up to 12 months on the basis of a certification by the county child welfare agency that child care services continue to be necessary or, if the child is receiving child protective services during that period of time, and the family requires child care and remains otherwise eligible. This time limit does not apply if the family's child care referral is recertified by the county child welfare agency.

(2) Second priority shall be given equally to eligible families, regardless of the number of parents in the home, who are income eligible. Within this priority, families with the lowest gross monthly income in relation to family size, as determined by a schedule adopted by the Superintendent, shall be admitted first. If two or more families are in the same priority in relation to income, the family that has a child with exceptional needs shall be admitted first. If there is no family of the same priority with a child with exceptional needs, the same priority family that has been on the waiting list for the longest time shall be admitted first. For purposes of determining order of admission, the grants of public assistance recipients shall be counted as income.

(3) The Superintendent shall set criteria for and may grant specific waivers of the priorities established in this subdivision for agencies that wish to serve specific populations, including children

with exceptional needs or children of prisoners. These new waivers shall not include proposals to avoid appropriate fee schedules or admit ineligible families, but may include proposals to accept members of special populations in other than strict income order, as long as appropriate fees are paid.

(c) Notwithstanding any other law, in order to promote continuity of services, a family enrolled in a state or federally funded child care and development program whose services would otherwise be terminated because the family no longer meets the program income, eligibility, or need criteria may continue to receive child development services in another state or federally funded child care and development program if the contractor is able to transfer the family's enrollment to another program for which the family is eligible before the date of termination of services or to exchange the family's existing enrollment with the enrollment of a family in another program, provided that both families satisfy the eligibility requirements for the program in which they are being enrolled. The transfer of enrollment may be to another program within the same administrative agency or to another agency that administers state or federally funded child care and development programs.

(d) In order to promote continuity of services, the Superintendent may extend the 60-working-day period specified in subdivision (a) of Section 18086.5 of Title 5 of the California Code of Regulations for an additional 60 working days if he or she determines that opportunities for employment have diminished to the degree that one or both parents cannot reasonably be expected to find employment within 60 working days and granting the extension is in the public interest. The scope of extensions granted pursuant to this subdivision shall be limited to the necessary geographic areas and affected persons, which shall be described in the Superintendent's order granting the extension. It is the intent of the Legislature that extensions granted pursuant to this subdivision improve services in areas with high unemployment rates and areas with disproportionately high numbers of seasonal agricultural jobs.

(e) A physical examination and evaluation, including age-appropriate immunization, shall be required before, or within six weeks of, enrollment. A standard, rule, or regulation shall not require medical examination or immunization for admission to a

child care and development program of a child whose parent or guardian files a letter with the governing board of the child care and development program stating that the medical examination or immunization is contrary to his or her religious beliefs, or provide for the exclusion of a child from the program because of a parent or guardian having filed the letter. However, if there is good cause to believe that a child is suffering from a recognized contagious or infectious disease, the child shall be temporarily excluded from the program until the governing board of the child care and development program is satisfied that the child is not suffering from that contagious or infectious disease.

(f) Regulations formulated and promulgated pursuant to this section shall include the recommendations of the State Department of Health Care Services relative to health care screening and the provision of health care services. The Superintendent shall seek the advice and assistance of these health authorities in situations where service under this chapter includes or requires care of children who are ill or children with exceptional needs.

(g) (1) The Superintendent shall establish a fee schedule for families utilizing child care and development services pursuant to this chapter, including families receiving services under paragraph (1) of subdivision (b). Families receiving services under subparagraph (B) of paragraph (1) of subdivision (b) may be exempt from these fees for up to three months. Families receiving services under subparagraph (C) of paragraph (1) of subdivision (b) may be exempt from these fees for up to 12 months. The cumulative period of time of exemption from these fees for families receiving services under paragraph (1) of subdivision (b) shall not exceed 12 months.

(2) The income of a recipient of federal supplemental security income benefits pursuant to Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and state supplemental program benefits pursuant to Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and Chapter 3 (commencing with Section 12000) of Part 3 of Division 9 of the Welfare and Institutions Code shall not be included as income for purposes of determining the amount of the family fee.

(h) (1) The family fee schedule shall provide, among other things, that a contractor or provider may require parents to provide diapers. A contractor or provider offering

field trips either may include the cost of the field trips within the service rate charged to the parent or may charge parents an additional fee. Federal or state money shall not be used to reimburse parents for the costs of field trips if those costs are charged as an additional fee. A contractor or provider that charges parents an additional fee for field trips shall inform parents, before enrolling the child, that a fee may be charged and that no reimbursement will be available.

(2) A contractor or provider may charge parents for field trips or require parents to provide diapers only under the following circumstances:

(A) The provider has a written policy that is adopted by the agency's governing board that includes parents in the decisionmaking process regarding both of the following:

(i) Whether or not, and how much, to charge for field trip expenses.

(ii) Whether or not to require parents to provide diapers.

(B) The maximum total of charges per child in a contract year does not exceed twenty-five dollars (\$25).

(C) A child shall not be denied participation in a field trip due to the parent's inability or refusal to pay the charge. Adverse action shall not be taken against a parent for that inability or refusal.

(3) Each contractor or provider shall establish a payment system that prevents the identification of children based on whether or not their parents have paid a field trip charge.

(4) Expenses incurred and income received for field trips pursuant to this section shall be reported to the department. The income received for field trips shall be reported specifically as restricted income.

(i) The Superintendent shall establish guidelines for the collection of employer-sponsored child care benefit payments from a parent whose child receives subsidized child care and development services. These guidelines shall provide for the collection of the full amount of the benefit payment, but not to exceed the actual cost of child care and development services provided, notwithstanding the applicable fee based on the fee schedule.

(j) The Superintendent shall establish guidelines according to which the director or a duly authorized representative of the child

care and development program will certify children as eligible for state reimbursement pursuant to this section.

(k) Public funds shall not be paid directly or indirectly to an agency that does not pay at least the minimum wage to each of its employees.

SEC. 19. Section 8263.1 of the Education Code is amended to read:

8263.1. (a) For purposes of this chapter, “income eligible” means that a family’s adjusted monthly income is at or below 70 percent of the state median income, adjusted for family size, and adjusted annually.

(b) Notwithstanding any other law, for the 2011–12 fiscal year, the income eligibility limits that were in effect for the 2007–08 fiscal year shall be reduced to 70 percent of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size, effective July 1, 2011.

(c) Notwithstanding any other law, for the 2012–13 fiscal year, the income eligibility limits shall be 70 percent of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size.

(d) The income of a recipient of federal supplemental security income benefits pursuant to Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and state supplemental program benefits pursuant to Title XVI of the federal Social Security Act and Chapter 3 (commencing with Section 12000) of Part 3 of Division 9 of the Welfare and Institutions Code shall not be included as income for the purposes of determining eligibility for child care under this chapter.

SEC. 20. Section 8263.3 is added to the Education Code, to read:

8263.3. (a) Notwithstanding any other law, and in addition to any reductions applied pursuant to Section 8263.2, effective July 1, 2012, the department shall reduce the maximum reimbursable amounts of the contracts for the General Child Care Program, the Migrant Day Care Program, the Alternative Payment Program, the CalWORKs Stage 3 Program, and the Allowance for Handicapped Program by 8.7 percent or by whatever proportion is necessary to ensure that expenditures for these programs do not exceed the amounts appropriated for them, as adjusted for any reductions in appropriations made subsequent to the adoption of the annual

Budget Act. The department may consider the contractor's performance or whether the contractor serves children in underserved areas as defined in subdivision (ag) of Section 8208 when determining contract reductions, provided that the aggregate reduction to each program specified in this subdivision is 8.7 percent or whatever proportion is necessary to ensure that expenditures for these programs do not exceed the amounts appropriated for them, as adjusted for any reductions in appropriations made subsequent to the adoption of the annual Budget Act.

(b) Notwithstanding any other law, effective July 1, 2012, families shall be disenrolled from subsidized child care services, consistent with the priorities for services specified in subdivision (b) of Section 8263. Families shall be disenrolled in the following order:

- (1) Families with the highest income in relation to family size.
- (2) Families that have the same income and have been enrolled in child care services the longest.
- (3) Families that have the same income and have a child with exceptional needs.
- (4) Families whose children are receiving child protective services or are at risk of being neglected or abused, regardless of family income.

SEC. 21. Section 8335.4 of the Education Code is amended to read:

8335.4. (a) Upon approval of the plan by the Child Development Division of the department, the City and County of San Francisco shall annually prepare and submit to the Legislature, the State Department of Social Services, and the department a report that summarizes the success of the pilot project and the city and county's ability to maximize the use of funds and to improve and stabilize child care in the city and county.

(b) The City and County of San Francisco shall submit an interim report to the Legislature, the State Department of Social Services, and the department on or before December 31, 2010, and shall submit a final report to those entities on or before June 30, 2014, summarizing the impact of the plan on the child care needs of working families in the city and county.

SEC. 22. Section 8335.5 of the Education Code is amended to read:

8335.5. The City and County of San Francisco may implement an individualized child care subsidy plan until July 1, 2014, at which date the city and county shall terminate the plan. Between July 1, 2014, and July 1, 2016, the city and county shall phase out the individualized county child care subsidy plan and, as of July 1, 2016, shall implement the state's requirements for child care subsidies. A child enrolling for the first time for subsidized child care in the city and county after July 1, 2014, shall not be enrolled in the pilot program established pursuant to this article and is subject to existing state laws and regulations regarding child care eligibility and priority.

SEC. 23. Section 8335.7 of the Education Code is amended to read:

8335.7. This article shall become inoperative on July 1, 2016, and as of January 1, 2017, is repealed, unless a later enacted statute, that is enacted before January 1, 2017, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 24. Section 8447 of the Education Code is amended to read:

8447. (a) The Legislature hereby finds and declares that greater efficiencies may be achieved in the execution of state subsidized child care and development program contracts with public and private agencies by the timely approval of contract provisions by the Department of Finance, the Department of General Services, and the State Department of Education and by authorizing the State Department of Education to establish a multiyear application, contract expenditure, and service review as may be necessary to provide timely service while preserving audit and oversight functions to protect the public welfare.

(b) (1) The Department of Finance and the Department of General Services shall approve or disapprove annual contract funding terms and conditions, including both family fee schedules and regional market rate schedules that are required to be adhered to by contract, and contract face sheets submitted by the State Department of Education not more than 30 working days from the date of submission, unless unresolved conflicts remain between the Department of Finance, the State Department of Education, and the Department of General Services. The State Department of Education shall resolve conflicts within an additional 30 working day time period. Contracts and funding terms and conditions shall

be issued to child care contractors no later than June 1. Applications for new child care funding shall be issued not more than 45 working days after the effective date of authorized new allocations of child care moneys.

(2) Notwithstanding paragraph (1), the State Department of Education shall implement the regional market rate schedules based upon the county aggregates, as determined by the Regional Market survey conducted in 2005.

(3) Notwithstanding paragraph (1), for the 2006–07 fiscal year, the State Department of Education shall update the family fee schedules by family size, based on the 2005 state median income survey data for a family of four. The family fee schedule used during the 2005–06 fiscal year shall remain in effect. However, the department shall adjust the family fee schedule for families that are newly eligible to receive or will continue to receive services under the new income eligibility limits. The family fees shall not exceed 10 percent of the family’s monthly income.

(4) Notwithstanding any other law, the family fee schedule that was in effect for the 2007–08, 2008–09, 2009–10, and 2010–11 fiscal years shall be adjusted to reflect the income eligibility limits specified in subdivision (b) of Section 8263.1 for the 2011–12 fiscal year, and shall retain a flat fee per family. The revised family fee schedule shall begin at income levels at which families currently begin paying fees. The revised family fees shall not exceed 10 percent of the family’s monthly income. The State Department of Education shall first submit the adjusted fee schedule to the Department of Finance for approval in order to be implemented by July 1, 2011.

(5) Notwithstanding any other law, the family fee schedule that was in effect for the 2011–12 fiscal year pursuant to paragraph (4) shall remain in effect for the 2012–13 fiscal year, and shall retain a flat fee per family.

(6) It is the intent of the Legislature to fully fund the third stage of child care for former CalWORKs recipients.

(c) With respect to subdivision (b), it is the intent of the Legislature that the Department of Finance annually review contract funding terms and conditions for the primary purpose of ensuring consistency between child care contracts and the child care budget. This review shall include evaluating any proposed changes to contract language or other fiscal documents to which

the contractor is required to adhere, including those changes to terms or conditions that authorize higher reimbursement rates, that modify related adjustment factors, that modify administrative or other service allowances, or that diminish fee revenues otherwise available for services, to determine if the change is necessary or has the potential effect of reducing the number of full-time equivalent children that may be served.

(d) Alternative payment child care systems, as set forth in Article 3 (commencing with Section 8220), shall be subject to the rates established in the Regional Market Rate Survey of California Child Care Providers for provider payments. The State Department of Education shall contract to conduct and complete a Regional Market Rate Survey no more frequently than once every two years, consistent with federal regulations, with a goal of completion by March 1.

(e) By March 1 of each year, the Department of Finance shall provide to the State Department of Education the State Median Income amount for a four-person household in California based on the best available data. The State Department of Education shall adjust its fee schedule for child care providers to reflect this updated state median income; however, no changes based on revisions to the state median income amount shall be implemented midyear.

(f) Notwithstanding the June 1 date specified in subdivision (b), changes to the regional market rate schedules and fee schedules may be made at any other time to reflect the availability of accurate data necessary for their completion, provided these documents receive the approval of the Department of Finance. The Department of Finance shall review the changes within 30 working days of submission and the State Department of Education shall resolve conflicts within an additional 30 working day period. Contractors shall be given adequate notice prior to the effective date of the approved schedules. It is the intent of the Legislature that contracts for services not be delayed by the timing of the availability of accurate data needed to update these schedules.

(g) Notwithstanding any other provision of law, no family receiving CalWORKs cash aid may be charged a family fee.

SEC. 25. Section 14041 of the Education Code is amended to read:

14041. (a) The Controller shall draw warrants on the State Treasury in favor of the county treasurer of each county in each month of each year in the amounts and manner prescribed in this section so as to provide in each warrant a portion of the total amount certified by the Superintendent as apportioned under the provisions of Sections 41330 to 41343, inclusive, and Chapter 4 (commencing with Section 41600) and Chapter 5 (commencing with Section 41760.2) and Article 2 (commencing with Section 42238) of Chapter 7 of Part 24 of Division 3 of Title 2, during the fiscal year from the State School Fund to the school districts under the jurisdiction of the county superintendent of schools of the county, to the county school service fund, and to the county school tuition fund of the county.

(1) Warrants for amounts allowed to county school service funds under subdivisions (a) and (b) of Section 14054 shall be for amounts equal to 5 percent in July, 5 percent in August, and 9 percent in each remaining month of the fiscal year of the amounts certified by the Superintendent as a part of the advance apportionment.

(2) Warrants for amounts apportioned to school districts and county school service funds for classes maintained by county superintendents of schools and to the county school tuition funds shall be for amounts equal to 5 percent in July, 5 percent in August, and 9 percent in September, October, November, December, and January, of the amounts certified by the Superintendent as a part of the advance apportionment.

(3) Warrants in the months of February to May, inclusive, shall be for amounts equal to one-fifth of the difference between the amounts certified by the Superintendent for school districts and county school service funds for classes maintained by county superintendents of schools and county school tuition funds as the first principal apportionment and the amounts required by paragraph (2).

(4) Warrants for the month of June shall be for amounts equal to the difference between the amounts certified by the Superintendent for school districts and county school service funds for classes maintained by county superintendents of schools and county school tuition funds as the second principal apportionment and the amounts required by paragraphs (2) and (3).

(5) Warrants in the months of July and August shall include 5 percent of the estimated total amounts of the special purpose apportionment, as determined by the Superintendent. Warrants in the months of September to November, inclusive, shall include 9 percent of the estimated total amounts of the special purpose apportionment, as determined by the Superintendent. Warrants in December shall include 9 percent of the amounts certified by the Superintendent as the special purpose apportionment, as adjusted, if necessary, to correct excesses or deficiencies in the estimates made for purposes of the warrants in the months of September to November, inclusive. An additional 9 percent of the amounts of the special purpose apportionment shall be included in the warrants for the months from January to June, inclusive.

(6) Warrants in June shall include the total amounts certified by the Superintendent as the final apportionment.

(7) Notwithstanding paragraph (2) to the contrary, for school districts that reported less than 5,000 units of average daily attendance in the 1979–80 fiscal year and that received 39 percent or more, but less than 75 percent, of their total revenue limits from local property taxes in that fiscal year, warrants for amounts apportioned to the school districts shall be for amounts equal to 15 percent in July, August, September, and October; zero percent in November and December; and 6 percent in January of the amounts certified by the Superintendent as a part of the advance apportionment. Warrants for amounts apportioned to the school districts for the months of February to May, inclusive, shall be in accordance with paragraph (3), and for the month of June, shall be in accordance with paragraph (4).

(8) Notwithstanding paragraph (2) or (7) to the contrary, for school districts which reported less than 5,000 units of average daily attendance in the 1979–80 fiscal year and which received 75 percent or more of their total revenue limits from local property taxes in that fiscal year, warrants for amounts apportioned to the school districts shall be for amounts equal to 15 percent in July; 30 percent in August and September; 15 percent in October; zero percent in November and December; 6 percent in January; and zero percent in February, March, April, and May, of the amounts certified by the Superintendent as a part of the advance apportionment. Warrants for the month of June shall be in accordance with paragraph (4).

(9) (A) Notwithstanding any other law, for the 2012–13 fiscal year only, for purposes of warrants drawn on the State Treasury pursuant to this section, the amount certified by the Superintendent as the advance apportionment and first principal apportionment shall include the following reduction:

(i) The Superintendent shall multiply six billion nine hundred twenty-one million five hundred twenty-two thousand dollars (\$6,921,522,000) by the ratio of the revenue limit or charter school general purposes funding for each county office of education, school district, or charter school, to the statewide total of revenue limit and charter school general purpose funding.

(ii) For each county office of education, school district, or charter school, the Superintendent shall subtract the amount calculated in clause (i) from the apportionments calculated pursuant to Sections 2558, 42238, and 47633.

(B) Notwithstanding any other law, for the 2012–13 fiscal year, the Superintendent shall delay the second principal apportionment calculated pursuant to Section 41335 from July 2, 2013, to July 15, 2013, to account for all revenues remitted to school districts and county offices of education pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution. The Superintendent shall ensure that the second principal apportionment calculated pursuant to Section 41335 accounts for the difference between the amount distributed pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution and the offsets listed in subparagraph (A). Nothing in this section shall delay the payment of warrants to school districts and county offices of education 10 days before the close of the state’s fiscal year pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(10) Notwithstanding paragraph (1), (3), or (7), for the 2012–13 fiscal year only, the Superintendent shall reduce the June warrants for any amounts received pursuant to Sections 34179.5 and 34179.6 of the Health and Safety Code. This reduction shall constitute the entire amount distributed pursuant to Sections 34179.5 and 34179.6 of the Health and Safety Code and offset pursuant to subparagraph (B) of paragraph (6) of subdivision (h) of Section 42238, paragraph (6) of subdivision (c) of Section 2558, and Section 56836.08.

(b) The drawing of the warrants required to be drawn during any one of the months mentioned may be postponed by the Controller for not to exceed 30 days, but the total amounts due the several counties during any fiscal year shall be paid within the fiscal year. The warrants shall be paid by the Treasurer from the State School Fund and are not subject to Section 925.6 of the Government Code.

(c) This section shall become inoperative on December 15, 2012, and, as of January 1, 2013, is repealed, only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes.

SEC. 26. Section 14041 is added to the Education Code, to read:

14041. (a) The Controller shall draw warrants on the State Treasury in favor of the county treasurer of each county in each month of each year in the amounts and manner prescribed in this section so as to provide in each warrant a portion of the total amount certified by the Superintendent as apportioned under the provisions of Sections 41330 to 41343, inclusive, and Chapter 4 (commencing with Section 41600) and Chapter 5 (commencing with Section 41760.2) and Article 2 (commencing with Section 42238) of Chapter 7 of Part 24 of Division 3 of Title 2, during the fiscal year from the State School Fund to the school districts under the jurisdiction of the county superintendent of schools of the county, to the county school service fund, and to the county school tuition fund of the county.

(1) Warrants for amounts allowed to county school service funds under subdivisions (a) and (b) of Section 14054 shall be for amounts equal to 5 percent in July, 5 percent in August, and 9 percent in each remaining month of the fiscal year of the amounts certified by the Superintendent as a part of the advance apportionment.

(2) Warrants for amounts apportioned to school districts and county school service funds for classes maintained by county superintendents of schools and to the county school tuition funds

shall be for amounts equal to 5 percent in July, 5 percent in August, and 9 percent in September, October, November, December, and January, of the amounts certified by the Superintendent as a part of the advance apportionment.

(3) Warrants in the months of February to May, inclusive, shall be for amounts equal to one-fifth of the difference between the amounts certified by the Superintendent for school districts and county school service funds for classes maintained by county superintendents of schools and county school tuition funds as the first principal apportionment and the amounts required by paragraph (2).

(4) Warrants for the month of June shall be for amounts equal to the difference between the amounts certified by the Superintendent for school districts and county school service funds for classes maintained by county superintendents of schools and county school tuition funds as the second principal apportionment and the amounts required by paragraphs (2) and (3).

(5) Warrants in the months of July and August shall include 5 percent of the estimated total amounts of the special purpose apportionment, as determined by the Superintendent. Warrants in the months of September to November, inclusive, shall include 9 percent of the estimated total amounts of the special purpose apportionment, as determined by the Superintendent. Warrants in December shall include 9 percent of the amounts certified by the Superintendent as the special purpose apportionment, as adjusted, if necessary, to correct excesses or deficiencies in the estimates made for purposes of the warrants in the months of September to November, inclusive. An additional 9 percent of the amounts of the special purpose apportionment shall be included in the warrants for the months from January to June, inclusive.

(6) Warrants in June shall include the total amounts certified by the Superintendent as the final apportionment.

(7) Notwithstanding paragraph (2) to the contrary, for school districts that reported less than 5,000 units of average daily attendance in the 1979–80 fiscal year and that received 39 percent or more, but less than 75 percent, of their total revenue limits from local property taxes in that fiscal year, warrants for amounts apportioned to the school districts shall be for amounts equal to 15 percent in July, August, September, and October; zero percent in November and December; and 6 percent in January of the

amounts certified by the Superintendent as a part of the advance apportionment. Warrants for amounts apportioned to the school districts for the months of February to May, inclusive, shall be in accordance with paragraph (3), and for the month of June, shall be in accordance with paragraph (4).

(8) Notwithstanding paragraph (2) or (7) to the contrary, for school districts which reported less than 5,000 units of average daily attendance in the 1979–80 fiscal year and which received 75 percent or more of their total revenue limits from local property taxes in that fiscal year, warrants for amounts apportioned to the school districts shall be for amounts equal to 15 percent in July; 30 percent in August and September; 15 percent in October; zero percent in November and December; 6 percent in January; and zero percent in February, March, April, and May, of the amounts certified by the Superintendent as a part of the advance apportionment. Warrants for the month of June shall be in accordance with paragraph (4).

(9) Notwithstanding paragraph (1), (3), or (7), for the 2012–13 fiscal year only, the Superintendent shall reduce only the June warrants for any amounts received pursuant to Sections 34179.5 and 34179.6 of the Health and Safety Code. This reduction shall constitute the entire amount distributed pursuant to Sections 34179.5 and 34179.6 of the Health and Safety Code and shall constitute an offset pursuant to paragraph (6) of subdivision (c) of Section 2558 and paragraph (6) of subdivision (h) of Section 42238.

(b) The drawing of the warrants required to be drawn during any one of the months mentioned may be postponed by the Controller for not to exceed 30 days, but the total amounts due the several counties during any fiscal year shall be paid within the fiscal year. The warrants shall be paid by the Treasurer from the State School Fund and are not subject to Section 925.6 of the Government Code.

(c) This section shall not become operative until December 15, 2012, and shall become operative only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved

at the same election and receives a greater number of affirmative votes. If the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is approved by the voters at the November 6, 2012, statewide general election, and all of the provisions of that act that modify personal income taxes become operative, this section shall not become operative and shall be repealed on January 1, 2013.

SEC. 27. Section 14041.6 of the Education Code is amended to read:

14041.6. (a) Notwithstanding subdivision (a) of Section 14041, or any other law, from the 2008–09 fiscal year to the 2011–12 fiscal year, inclusive, warrants for the principal apportionments for the month of February in the amount of two billion dollars (\$2,000,000,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339. Commencing with the 2012–13 fiscal year, warrants for the principal apportionments for the month of February in the amount of five hundred thirty-one million seven hundred twenty thousand dollars (\$531,720,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339.

(b) Notwithstanding subdivision (a) of Section 14041 or any other law, from the 2009–10 fiscal year to the 2011–12 fiscal year, inclusive, warrants for the principal apportionments for the month of April in the amount of six hundred seventy-eight million six hundred eleven thousand dollars (\$678,611,000) and for the month of May in the amount of one billion dollars (\$1,000,000,000) instead shall be drawn in August of the same calendar year pursuant to the certification made pursuant to Section 41339. Commencing with the 2012–13 fiscal year, warrants for the principal apportionments for the month of April in the amount of one hundred seventy-five million seven hundred twenty-eight thousand dollars (\$175,728,000) and for the month of May in the amount of one billion one hundred seventy-six million seven hundred one thousand dollars (\$1,176,701,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339.

(c) Notwithstanding subdivision (a) of Section 14041 or any other law, commencing with the 2010–11 fiscal year, warrants for the principal apportionments for the month of April in the amount

of four hundred nineteen million twenty thousand dollars (\$419,020,000), for the month of May in the amount of eight hundred million dollars (\$800,000,000), and for the month of June in the amount of five hundred million dollars (\$500,000,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339.

(d) Notwithstanding subdivision (a) of Section 14041 or any other law, in the 2011–12 fiscal year, warrants for the principal apportionments for the month of March in the amount of one billion three hundred million dollars (\$1,300,000,000) and for the month of April in the amount of seven hundred sixty-three million seven hundred ninety-four thousand dollars (\$763,794,000) instead shall be drawn in August of the same calendar year pursuant to the certification made pursuant to Section 41339. Commencing with the 2012–13 fiscal year, warrants for the principal apportionments for the month of March in the amount of one billion twenty-nine million four hundred ninety-three thousand dollars (\$1,029,493,000) and for the month of April in the amount of seven hundred sixty-three million seven hundred ninety-four thousand dollars (\$763,794,000) instead shall be drawn in August of the same calendar year pursuant to the certification made pursuant to Section 41339.

(e) Except as provided in subdivisions (c) and (e) of Section 41202, for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the warrants drawn pursuant to subdivisions (a), (b), (c), and (d) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202, for the fiscal year in which the warrants are drawn and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for the fiscal year in which the warrants are drawn.

(f) This section shall become inoperative on December 15, 2012, and, as of January 1, 2013, is repealed, only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12–0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is

approved at the same election and receives a greater number of affirmative votes.

SEC. 28. Section 14041.6 is added to the Education Code, to read:

14041.6. (a) Notwithstanding subdivision (a) of Section 14041, or any other law, commencing with the 2008–09 fiscal year, warrants for the principal apportionments for the month of February in the amount of two billion dollars (\$2,000,000,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339.

(b) Notwithstanding subdivision (a) of Section 14041 or any other law, commencing with the 2009–10 fiscal year, warrants for the principal apportionments for the month of April in the amount of six hundred seventy-eight million six hundred eleven thousand dollars (\$678,611,000) and for the month of May in the amount of one billion dollars (\$1,000,000,000) instead shall be drawn in August of the same calendar year pursuant to the certification made pursuant to Section 41339.

(c) Notwithstanding subdivision (a) of Section 14041 or any other law, commencing with the 2010–11 fiscal year, warrants for the principal apportionments for the month of April in the amount of four hundred nineteen million twenty thousand dollars (\$419,020,000), for the month of May in the amount of eight hundred million dollars (\$800,000,000), and for the month of June in the amount of five hundred million dollars (\$500,000,000), instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339.

(d) Notwithstanding subdivision (a) of Section 14041 or any other law, commencing with the 2011–12 fiscal year, warrants for the principal apportionments for the month of March in the amount of one billion three hundred million dollars (\$1,300,000,000) and for the month of April in the amount of seven hundred sixty-three million seven hundred ninety-four thousand dollars (\$763,794,000) instead shall be drawn in August of the same calendar year pursuant to the certification made pursuant to Section 41339.

(e) Except as provided in subdivisions (c) and (e) of Section 41202, for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the warrants drawn pursuant to subdivisions (a), (b), (c), and (d) shall be deemed to be “General Fund revenues appropriated to school

districts,” as defined in subdivision (c) of Section 41202, for the fiscal year in which the warrants are drawn and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for the fiscal year in which the warrants are drawn.

(f) This section shall not become operative until December 15, 2012, and shall become operative only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes. If the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is approved by the voters at the November 6, 2012, statewide general election, and all of the provisions of that act that modify personal income tax rates become operative, this section shall not become operative and shall be repealed on January 1, 2013.

SEC. 29. Section 14041.7 of the Education Code is amended to read:

14041.7. (a) Commencing with the 2010–11 fiscal year, up to one hundred million dollars (\$100,000,000) of the amount of the warrants for the principal apportionments for the month of June, that are instead to be drawn in July pursuant to Section 14041.5, may be drawn in June, subject to the approval of the Director of Finance, for a charter school or school district as follows:

(1) In order for a charter school to receive a payment in June pursuant to this section, the governing body of the charter school, in consultation with the county superintendent of schools, shall certify to the Superintendent and the Director of Finance on or before April 1 that the deferral of warrants pursuant to Sections 14041.5 and 14041.6 will result in the charter school being unable to meet its financial obligations for June and shall provide the Superintendent an estimate of the amount of additional funds necessary for the charter school to meet its financial obligations for the month of June.

(2) In order for a school district to receive a payment in June pursuant to this section, the county superintendent of schools shall

certify to the Superintendent and to the Director of Finance on or before April 1 that the deferral of warrants pursuant to Sections 14041.5 and 14041.6 will result in the school district being unable to meet its financial obligations for June and shall provide the Superintendent an estimate of the amount of additional funds necessary for the school district to meet its financial obligations for the month of June.

(3) The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the certification specified in paragraph (2).

(4) A charter school or school district may receive, pursuant to this section, no more than the lesser of the following:

(A) The total amount of additional funds necessary for the charter school or school district to meet its financial obligations for the month of June, as reported to the Superintendent pursuant to paragraph (1) or (2).

(B) The total payments the charter school or school district is entitled to receive in July for the prior fiscal year.

(b) If the total amount requested by charter schools and school districts pursuant to paragraph (4) of subdivision (a) exceeds one hundred million dollars (\$100,000,000), the Controller, Treasurer, and Director of Finance may authorize additional payments to meet these requests, but total payments to charter schools and school districts pursuant to this section shall not exceed three hundred million dollars (\$300,000,000). No later than May 1, the Controller, Treasurer, and Director of Finance shall determine whether sufficient cash is available to make payments in excess of one hundred million dollars (\$100,000,000). In making the determination that cash is sufficient to make additional payments, in whole or in part, the Controller, Treasurer, and Director of Finance shall consider costs for state government, the scope of any identified cash shortage, timing, achievability, legislative direction, and the impact and hardship imposed on potentially affected programs, entities, and related public services. The Department of Finance shall notify the Joint Legislative Budget Committee within 10 days of this determination and identify the total amount of requests that will be paid.

(c) If the total amount of cash made available pursuant to subdivision (b) is less than the amount requested pursuant to paragraph (3) of subdivision (a), payments to charter schools and

school districts shall be prioritized according to the date on which notification was provided to the Superintendent and the Department of Finance.

(d) A charter school submitting a certification pursuant to paragraph (1) of subdivision (a) shall provide its chartering authority with a copy of the certification.

(e) Payments pursuant to this section shall be made no later than June 20.

(f) Except as provided in subdivisions (c) and (e) of Section 41202, for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the warrants drawn pursuant to subdivision (a) shall be deemed to be “General Fund revenues appropriated to school districts,” as defined in subdivision (c) of Section 41202, for the fiscal year in which the warrants are drawn and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for the fiscal year in which the warrants are drawn.

SEC. 30. Section 17173 of the Education Code is amended to read:

17173. As used in this chapter, the following words and terms shall have the following meanings, unless the context indicates or requires another or different meaning or intent:

(a) “Act” means the California School Finance Authority Act.

(b) “Agent” means a county or city board of education or superintendent of schools acting with the board’s consent, on behalf of one or more school districts for any purpose of this chapter, the Board of Governors of the California Community Colleges or the Chancellor of the California Community Colleges acting with the Board of Governors’ consent, on behalf of one or more community college districts for any purpose of this chapter, and the school district, county office of education, or other chartering entity acting with the consent of, and on behalf of, one or more charter schools for any purpose of this chapter.

(c) “Authority” means the California School Finance Authority, or any board, body, commission, department, or officer succeeding to the principal functions of the authority, or to which the powers conferred upon the authority by this chapter shall be given by law.

(d) “Bonds” or “revenue bonds” means bonds, notes, lease obligations, certificates of participation, commercial paper, and any other evidences of indebtedness.

(e) “Cost,” as applied to all or part of a project financed or refinanced pursuant to this chapter, means and includes all or any part of the cost of any of the following:

(1) Construction.

(2) Acquisition or improvement of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and interests acquired or used for a project.

(3) Demolition or removal of any buildings or structures on land acquired for a project, including the acquisition of any lands to which the buildings or structures may be moved.

(4) All machinery and equipment.

(5) Financing or refinancing charges, including, but not limited to, credit enhancement costs, and prepayment penalties.

(6) Interest before, during, and for a period following, the completion of any construction or improvement determined by the authority.

(7) Provisions for working capital.

(8) Reserves for principal and interest, and for extensions, enlargements, additions, replacements, renovations, and improvements.

(9) Engineering, architectural, financial, and legal services, plans, specifications, studies, surveys, estimates, administrative expenses, and other expenses necessary or incident to the construction, acquisition, or improvement of any project or any financing or refinancing under this chapter.

(f) “Educational facility” means any property, facility, structure, equipment, or furnishings used or operated in conjunction with one or more public schools, including charter schools, or community colleges, including, but not limited to, all of the following:

(1) Classrooms.

(2) Auditoriums.

(3) Student centers.

(4) Administrative offices.

(5) Sports facilities.

(6) Maintenance, storage, or utility facilities.

(7) All necessary or usual attendant and related facilities and equipment, including streets, parking, and supportive service facilities or structures required or useful for the effective operation of the educational facility.

(g) “Participating party” means:

(1) A school district, charter school, county office of education, or community college district that undertakes, itself or through an agent, the financing or refinancing of a project or of working capital pursuant to this chapter.

(2) Any person, company, association, state or municipal government entity, partnership, firm, or other entity or group of entities that undertakes the financing or refinancing of a project pursuant to this chapter in conjunction with an entity described in paragraph (1).

(3) “Participating party” shall also be deemed to refer to the agent to the extent the agent is acting on behalf of the school district, charter school, county office of education, or community college district for any purpose of this chapter.

(4) For purposes of subdivision (d) of Section 17183, and Section 17193.5, subdivisions (a) and (b) of Section 17199.1, and Section 17199.4, “participating party” shall be deemed to refer to an entity described in paragraph (1) in conjunction with which an entity described in paragraph (2), if any, applied for financing from the authority.

(h) “Project” means the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, or equipping of an educational facility to be financed or refinanced pursuant to this chapter. “Project” may include any combination of the foregoing undertaken jointly by any participating district with one or more other participating parties.

(i) “Working capital” means funds to be used by, or on behalf of, a participating party to pay maintenance or operating expenses, or any other costs that would be treated as an expense item under generally accepted accounting principles in connection with the ownership or operation of an educational facility, including, but not limited to, all of the following:

(1) Reserves for maintenance or operating expenses.

(2) Interest for a period not to exceed two years on any loan for working capital made pursuant to this chapter.

(3) Reserves for debt service, and any other costs necessary or incidental to, financing pursuant to this chapter.

(4) Payments made by a participating party for the rent or lease of an educational facility.

(j) “Certificate of participation” means an undivided interest in one or more bonds, leases, loans, installment sales, or other agreements of a participating party or parties.

(k) “Charter school” means a school established pursuant to Part 26.8 (commencing with Section 47600) of Title 2.

SEC. 31. Section 17180 of the Education Code is amended to read:

17180. The authority is hereby authorized to do all of the following:

(a) Adopt bylaws for the regulation of its affairs and the conduct of its business.

(b) Adopt an official seal.

(c) Sue and be sued in its own name.

(d) Receive and accept gifts, grants, or donations of money for any of the purposes of this chapter from any of the following:

(1) A federal agency.

(2) A state agency.

(3) A municipality, county, or other political subdivision of the state.

(4) An individual, association, or corporation.

(e) Engage the services of private consultants to render professional and technical assistance and advice in carrying out the purposes of this chapter.

(f) (1) Determine the location and character of any project to be financed or refinanced under this chapter, and acquire, construct, enlarge, remodel, renovate, alter, improve, furnish, equip, own, maintain, manage, repair, operate, lease as lessee or lessor, or regulate the same.

(2) Designate a participating party as its agent, with authority to enter into contracts, for any of the purposes specified in paragraph (1).

(3) Enter into contracts for any of the purposes specified in paragraph (1).

(4) Enter into contracts for the management and operation of a project owned by the authority.

(g) Acquire, directly or by and through a participating party as its agent, by purchase solely from funds provided pursuant to this chapter, or by gift or devise, and sell, by installment or otherwise, property, rights, rights-of-way, franchises, easements, and other interests in lands, including, but not limited to, lands lying under water, and riparian rights, located within the state that the authority deems necessary or convenient for the acquisition, construction, financing, or operation of a project. The authority may do so upon the terms, and at the prices, it considers reasonable and upon which it can agree with the owner, and may take the title to the interest in the name of the authority or in the name of a participating party as its agent.

(h) Receive and accept from any source loans, contributions, or grants for, or in aid of, the construction, financing, or refinancing of all or part of a project, in the form of money, property, labor, or other things of value.

(i) Pursuant to an agreement between the authority and the participating party, make, directly or through a lending institution, secured or unsecured loans to a participating party, or purchase secured or unsecured loans from a participating party, or purchase all or part of any participating party's rights to or possibilities regarding the state share of funding for school facilities approved by the State Allocation Board pursuant to Chapter 12.5 (commencing with Section 17070.10). The purchase of all or part of any rights to, or possibilities regarding, the state contribution for funding for school facilities approved by the State Allocation Board shall be limited to amounts approved and funded or amounts approved but not yet funded from proceeds of state bonds already authorized by the electors but not yet issued. Loans or purchases completed pursuant to this section may be used to finance or refinance a project or provide working capital. A loan to finance or refinance a project shall not exceed the total cost of the project, as determined by the participating party and approved by the authority.

(j) Upon the terms and conditions the authority deems proper, lease a project being financed or refinanced pursuant to this chapter to a participating party, and charge and collect rent therefor. The authority may terminate a lease pursuant to this subdivision upon the lessee's failure to comply with any of its obligations under the lease. The lease may include any of the following provisions:

(1) That the lessee shall have the option to renew the term of the lease for the period or periods, and at the rent, determined by the authority, or to purchase any or all of the project.

(2) That upon payment by the participating party of all of the indebtedness incurred by the authority for the financing of the project or for the refinancing of the participating party's outstanding indebtedness, the authority may convey any or all of the project to the lessee or lessees, with or without further consideration.

(k) Charge and equitably apportion among participating parties its administrative costs and expenses incurred pursuant to this chapter.

(l) (1) Obtain, or aid in obtaining, from any state or federal agency or any private company, any insurance, guarantee, letter, or line of credit regarding, or of, or for, the payment or repayment of all or part of the interest, principal, or both, on any loan, lease, or obligation, or any instrument evidencing or securing the same, made or entered into pursuant to this chapter, or on any bonds issued pursuant to this chapter.

(2) Notwithstanding any other provision of this chapter, enter into any agreement, contract, or any other instrument regarding any insurance, guarantee, letter, or line of credit specified in paragraph (1), and accept payment in the manner and form provided in the agreement, contract, or instrument if a participating party defaults.

(3) Assign any insurance, guarantee, letter, or line of credit specified in paragraph (1) as security for bonds issued by the authority.

(m) Enter into any agreements or contracts, including, but not limited to, agreements for liquidity or credit enhancement, execute any instruments, and any other act or thing necessary, convenient, or desirable for the purposes of the authority or to carry out any express power granted the authority pursuant to this chapter.

(n) At the discretion of the authority, invest any moneys held in reserve or in sinking funds, or any moneys not required for immediate use or disbursement, in obligations authorized by the resolution authorizing the bonds secured by the investment, or by law governing the investment of trust funds in the custody of the Treasurer.

(o) Adopt guidelines for grants, bonds, and other evidences of indebtedness.

SEC. 32. Section 17183 of the Education Code is amended to read:

17183. (a) From time to time, the authority, by resolution, may issue its revenue bonds in order to provide funds for any of the purposes of this chapter. Bonds may be issued to finance or refinance any of the following:

(1) A single project or financing of working capital for a single participating party.

(2) A series of projects or financings of working capital for a single participating party.

(3) A single project or financing of working capital for several participating parties.

(4) Several projects or financings of working capital for several participating parties.

(5) A joint venture school facilities construction project undertaken pursuant to Article 5 (commencing with Section 17060) of Chapter 12.

(b) Except as otherwise expressly provided by the authority, all revenue bonds shall be payable from any available revenues or moneys of the authority not otherwise pledged, subject only to any agreements with holders of particular bonds or notes pledging any particular revenue or moneys. Notwithstanding that revenue bonds issued pursuant to this section may be payable from a special fund, the revenue bonds shall be, and shall be deemed to be for all purposes, negotiable instruments, subject only to the provisions of the revenue bonds for registration.

(c) The revenue bonds of the authority may be issued as serial bonds, term bonds, or the authority, in its discretion, may issue bonds of both types. The issuance shall be in accordance with the indenture, trust agreement, or resolution relating to the revenue bonds, which shall provide all of the following:

(1) The date or dates of the bonds.

(2) The date or dates upon which the bonds will mature, not to exceed 40 years from their respective dates.

(3) The interest rate or rates, or methods of determining the interest rate or rates, of the bonds.

(4) When the bonds are payable.

(5) The denominations of the bonds.

(6) The form of the bonds, which shall be either bearer or registered.

(7) The registration privileges of the bonds.

(8) The manner in which the bonds are to be executed.

(9) The place or places at which the bonds shall be payable in lawful money of the United States of America.

(10) The terms of redemption of the bonds.

(d) After giving due consideration to the recommendations of the participating party or parties, the revenue bonds of the authority shall be sold by the Treasurer at either a public or private sale at a price or prices, and upon the terms and conditions prescribed by the authority. The revenue bonds of the authority may be sold at, above, or below the par value of the bonds.

(e) Pending the preparation of the definitive bonds, the authority may issue interim receipts or certificates or temporary bonds that shall be exchanged for the definitive bonds.

(f) Any resolution authorizing the issuance of any bonds of the authority, or any issue of revenue bonds of the authority, may include any of the following provisions:

(1) Provisions pledging all or any part of the proceeds of the bonds or revenue of a project or loan.

(2) Provisions concerning the replacement of mutilated, destroyed, stolen, or lost bonds.

(3) Provisions specifying insurance to be maintained on the project and the authorized uses of the proceeds of the insurance.

(4) Covenants against the mortgaging or otherwise encumbering, selling, leasing, pledging, placing a charge upon, or otherwise disposing of the project before the payment of the bonds issued to finance the project.

(5) Provisions specifying the events of default, terms upon which the bonds may be declared due before maturity, and the terms upon which the declaration and its consequences may be waived.

(6) The rights, liabilities, powers, and duties arising upon the breach of any covenants, conditions, or obligations.

(7) Vesting of the right to enforce covenants in a trustee.

(8) The terms upon which all or any percentage of the bondholders may enforce covenants or duties.

(9) Procedures for amending the terms of the resolution, with or without the consent of the holders of a specified number of bonds.

(10) Provision for any other acts or things deemed necessary, convenient, or desirable by the authority to secure the bonds or improve their marketability.

(g) The validity of the authorization and issuance of any bond issue shall not be affected by proceedings for the acquisition, construction, or improvement of any project, or by contracts relating to those proceedings. Any resolution authorizing the issuance of any bonds of the authority may provide authorization for the bonds to bear a statement certifying that they are issued pursuant to this chapter. Bonds bearing that statement shall be conclusively deemed valid and issued in conformity with this chapter. Reference on the face of the bonds to the resolution by its date of adoption shall incorporate the provisions of the resolution and of this chapter into the terms of the bonds.

(h) Members of the authority, or any person executing the revenue bonds of the authority, shall not incur personal liability on the bonds, nor shall these persons incur personal liability or accountability by reason of the issuance of the revenue bonds of the authority.

(i) The authority is authorized, out of any funds available for that purpose, to purchase revenue bonds of the authority. The authority may hold, pledge, cancel, or resell any bonds purchased under the authority of this subdivision, subject to, and in accordance with, agreements with bondholders.

(j) The financing or refinancing of projects or working capital may be provided pursuant to this chapter by means other than revenue bonds, at the discretion of the authority, including financing or refinancing through certificates of participation, or other interests, in bonds, loans, leases, installment sales, or other agreements of the participating party or parties. In this connection, the authority may do all things and execute and deliver all documents and instruments as may be necessary or desirable with regard to issuance of the certificates of participation or other means of financing or refinancing.

(k) The authority may by resolution issue its revenue bonds in the form of commercial paper.

SEC. 33. Section 17193.5 of the Education Code is amended to read:

17193.5. (a) For purposes of this section, “public credit provider” means any financial institution or combination of

financial institutions, that consists either solely, or has as a member or participant, a public retirement system. Notwithstanding any other law, a public credit provider, in connection with providing credit enhancement for bonds, notes, certificates of participation, or other evidences of indebtedness of a participating party, may require the participating party to agree to the following conditions:

(1) If a participating party adopts a resolution by a majority vote of its board to participate under this section, it shall provide notice to the Controller of that election. The notice shall include a schedule for the repayment of principal and interest on the bonds, notes, certificates of participation, or other evidence of indebtedness and identify the public credit provider that provided credit enhancement. The notice shall be provided not later than the date of issuance of the bonds.

(2) If, for any reason a public credit provider is required to make principal or interest payments or both pursuant to a credit enhancement agreement, the public credit provider shall immediately notify the Controller of that fact and of the amount paid out by the public credit provider.

(3) Upon receipt of the notice required by paragraph (2), the Controller shall make an apportionment to the public credit provider in the amount of the payments made by the public credit provider for the purpose of reimbursing the public credit provider for its expenditures made pursuant to the credit enhancement agreement. The Controller shall make that apportionment only from moneys designated for apportionments to a school district pursuant to Section 42238 or to a county office of education pursuant to Section 2558 or to the community college district pursuant to Section 84750, or in the case of a charter school, pursuant to Sections 47633, 47634.1, and 47634.2.

(b) The amount apportioned for a participating party pursuant to this section shall be deemed to be an allocation to the participating party for purposes of subdivision (b) or Section 8 of Article XVI of the California Constitution. For purposes of computing revenue limits or revenue levels pursuant to Section 42338 for any school district or pursuant to Section 2558 for any county office of education or pursuant to Section 84750 for any community college district, the revenue limit or revenue level for any fiscal year in which funds are apportioned for the district or for the county office of education pursuant to this section shall

include any amounts apportioned by the Controller pursuant to paragraph (3) of subdivision (a). For purposes of computing the general-purpose entitlement of a charter school pursuant to Section 47633, that entitlement shall include any amounts apportioned by the Controller pursuant to paragraph (3) of subdivision (a). For purposes of computing the categorical block grant of a charter school pursuant to Section 47634.1 or 47634.2, that grant shall include any amounts apportioned by the Controller pursuant to paragraph (3) of subdivision (a). The participating party and its creditors do not have a claim to funds apportioned or anticipated to be apportioned to the trustee by the Controller pursuant to paragraph (3) of subdivision (a).

SEC. 34. Section 17199.1 of the Education Code is amended to read:

17199.1. (a) Any participating party, exclusively for the purpose of securing financing or refinancing of projects or working capital pursuant to this chapter through the issuance, by the authority, of revenue bonds, certificates of participation, or other means, and notwithstanding any other law, may do any of the following:

(1) Sell to the authority all or part of any rights to or possibilities regarding the state's share of funding for school facilities approved by the State Allocation Board pursuant to Chapter 12.5 (commencing with Sec. 17070.10), including amounts apportioned and funded and amounts approved but not yet funded by the State Allocation Board from proceeds of state bonds already authorized by the electors but not yet issued.

(2) Issue bonds to the authority.

(3) Borrow money or purchase or lease educational facilities from the authority, and in connection with the borrowing, purchase, or lease, sell or lease property to the authority, in each case at any interest rate or rates, rental provisions, with any maturity date or dates or term, and with any other transfer, assignment, payment, security, default, remedy, and other terms or provisions as may be specified in the sale of rights agreement or the bonds of the participating party or a loan, loan purchase, installment sale, lease, or other agreement between the authority and the participating party, subject to the following conditions:

(A) (i) The sum of the amount borrowed to finance or refinance working capital and the interest payable on the working capital

assumed at the initial interest rate if interest is variable, shall not exceed 85 percent of the estimated amount of uncollected taxes, income, revenue, cash receipts, and other funds to be received by the participating party, which:

(I) In the case of a school district, community college district, or county office of education, will be available in the fiscal year of the borrowing.

(II) In the case of a charter school, will be available during the term of the loan, for the repayment of the loan and the interest on the loan.

(ii) For purposes of this paragraph, “revenue” includes, but is not limited to, federal and state funds received by the participating party.

(B) In computing the maximum amount that may be borrowed pursuant to subparagraph (A), the participating party may exclude the amount of any principal or interest that is secured by a pledge of the amount in any inactive or term deposit of the participating party that has a term scheduled to terminate:

(i) In the case of a school district, community college district, or county office of education, during the fiscal year of the borrowing.

(ii) In the case of a charter school, during the term of the loan.

(C) A participating party that borrows money to finance or refinance working capital pursuant to this subdivision shall be required to repay and discharge the loan, including interest, within 15 months of the loan date.

(D) In enacting this chapter, it is the intent of the Legislature to provide financing or refinancing of working capital needed to cover temporary or cashflow deficits and needs for working capital and not long-term budget deficits or shortfalls in funding. The participating party must demonstrate to the satisfaction of the authority that, during the term of any working capital loan received pursuant to this chapter, the participating party will receive or otherwise have (without additional borrowing) sufficient funds to repay and discharge the loan. The participating party may take into account all funds received by the participating party and may base future projections upon historical experience or reasonable expectations, or a combination of both.

(b) Notwithstanding Sections 700, 703, and 1045 of the Civil Code, the rights and possibilities that a participating party may

have or obtain in the future to an approved state contribution to funding for school facilities pursuant to Chapter 12.5 (commencing with Section 17070.10) that remains unfunded pending the issuance of state bonds already authorized by the electors shall constitute property for all purposes and may be transferred as provided in subdivision (a). In the case of any transfer or assignment of rights or possibilities relating to funds for which bonds have been approved by the voters but are not yet available, the transfer or assignment shall be approved by resolution of the State Allocation Board before becoming effective.

(c) Any participating party may enter into any agreement for liquidity or credit enhancement, with any reimbursement, payment, interest, security, default, remedy, and other terms it may deem necessary or appropriate in connection with the issuance of bonds, the borrowing of money, or the lease or purchase of educational facilities, whichever is applicable. Any participating party or parties also may do all things and execute all documents as may be necessary or desirable in connection with the issuance of certificates of participation, or other interests, in any bond, loan, note, installment sale, lease, or other agreement of the participating party.

(d) A school district, by resolution, may authorize any county or city board of education or superintendent of schools, a community college district, by resolution, may authorize the Board of Governors of the California Community Colleges or the Chancellor of the California Community Colleges, and a charter school, by resolution, may authorize its chartering entity or educational management organization, to act as its agent in the performance of any of the matters permitted by this section or any other provision of this chapter. Notwithstanding any other law, the agent shall have the powers granted by the resolution for purposes of this chapter. The resolution shall be deemed to bind the school district, charter school, or community college district, as the case may be, to any contract, agreement, instrument, or other document executed by the agent on behalf of the school district, charter school, or community college district, and all duties, obligations, or responsibilities contained in the contract, agreement, instrument, or other document on the part of the school district, charter school, or community college district, to the same extent

as if duly authorized, executed, and delivered by the school district, charter school, or community college district.

(e) This section shall be deemed to provide a complete, additional, and alternative method for accomplishing the acts authorized by this section, and the sale or transfer of any rights to or possibilities regarding the state share of funding for school facilities approved by the State Allocation Board, including amounts apportioned and funded and amounts approved but not yet funded from proceeds of state bonds already authorized by the electors but not yet issued, issuance of bonds to, borrowing of money from, or sale or purchase or lease of educational facilities from or to, the authority. Any agreement entered into in connection with the transfer of any rights to or possibilities regarding the state contribution for funding for school facilities pursuant to Chapter 12.5 (commencing with Section 17070.10), including amounts apportioned and funded and amounts approved but not yet funded by the State Allocation Board from proceeds of state bonds already authorized by the electors but not yet issued, or the issuance of bonds, the borrowing of money, or the sale, purchase, or lease of educational facilities, including, without limitation, any agreement for liquidity or credit enhancement under this section, need not comply with the requirements of any other law applicable to issuance of bonds, borrowing, selling, purchasing, leasing, pledge, encumbrance, or credit, as the case may be, by a school district, charter school, or community college district, or by a county or city board of education or superintendent of schools, or the Board of Governors of the California Community Colleges or Chancellor of the California Community Colleges, or the governing board of a charter school, chartering entity, or educational management organization.

SEC. 35. Section 17199.3 of the Education Code is amended to read:

17199.3. (a) The total amount of revenue bonds that may be issued and outstanding at any time for purposes of this chapter, other than those revenue bonds issued under Section 17199.4, shall not exceed four hundred million dollars (\$400,000,000).

(b) The total amount that may be outstanding at any time under this chapter, for purposes of Section 17199.4 only, shall not exceed four billion dollars (\$4,000,000,000).

(c) For purposes of subdivisions (a) and (b), bonds that meet any of the following conditions shall not be deemed to be outstanding:

- (1) Bonds that have been refunded pursuant to Section 17188.
- (2) Bonds for which money or securities in amounts necessary to pay or redeem the principal, interest, or any redemption premium on the bonds have been deposited in trust.
- (3) Bonds that have been issued to finance or refinance working capital.

SEC. 36. Section 17199.4 of the Education Code is amended to read:

17199.4. (a) Notwithstanding any other law, any participating party, in connection with securing financing or refinancing of projects, or working capital pursuant to this chapter, may elect to guarantee or provide for payment of the bonds and related obligations in accordance with the following conditions:

(1) If a participating party adopts a resolution by a majority vote of its board to participate under this section, it shall provide notice to the Controller of that election. The notice shall include a schedule for the repayment of principal and interest on the bonds, and any other costs necessary or incidental to financing pursuant to this chapter, and identify a trustee appointed by the participating party or the authority for purposes of this section. If payment of all or a portion of the principal and interest on the bond is secured by a letter of credit or other instrument of direct payment, the notice may provide for reimbursements to the provider of the instrument in lieu of payment of that portion of the principal and interest of the bonds. The notice shall be provided not later than the date of issuance of the bonds or 60 days before the next payment, whichever date is later. The participating party shall update the notice at least annually if there is a change in the required payment for any reason, including, but not limited to, providing for new or increased costs necessary or incidental to the financing.

(2) If, for any reason, the participating party will not make a payment at the time the payment is required, the participating party shall notify the trustee of that fact and of the amount of the deficiency. If the trustee receives this notice from the participating party, or does not receive any payment by the date that payment

becomes due, the trustee shall immediately communicate that information to the Controller.

(3) Upon receipt of the notice required by paragraph (2), the Controller shall make an apportionment to the trustee on the date shown in the schedule in the amount of the deficiency for the purpose of making the required payment. The Controller shall make that apportionment only from moneys in Section A of the State School Fund designated for apportionment to a school district pursuant to Section 42238 or to the county office of education pursuant to Section 2558, or in the case of a charter school, pursuant to Sections 47633, 47634.1, and 47634.2.

(4) As an alternative to the procedures set forth in paragraphs (2) and (3), the participating party may provide a transfer schedule in its notice to the Controller of its election to participate under this section. The transfer schedule shall set forth amounts to be transferred to the trustee and the date for the transfers. The Controller, subject to the limitation in paragraph (3), shall make apportionments to the trustee of those amounts on the specified date for the purpose of making those transfers. The authority may require a participating party to proceed under this subdivision.

(b) (1) The amount apportioned for a participating party pursuant to this section shall be deemed to be an allocation to the participating party for purposes of subdivision (b) of Section 8 of Article XVI of the California Constitution.

(2) For purposes of computing revenue limits pursuant to Section 42238 for any school district or pursuant to Section 2558 for any county office of education, the revenue limit for any fiscal year in which funds are apportioned for the participating party pursuant to this section shall include any amounts apportioned by the Controller pursuant to paragraphs (3) and (4) of subdivision (a).

(3) For purposes of computing the general-purpose entitlement of a charter school pursuant to Section 47633, that entitlement shall include any amounts apportioned by the Controller pursuant to paragraphs (3) and (4) of subdivision (a). For purposes of computing the categorical block grant of a charter school pursuant to Section 47634.1 or 47634.2, that grant shall include any amounts apportioned by the Controller pursuant to paragraphs (3) and (4) of subdivision (a). The participating party and its creditors do not have a claim to funds apportioned or anticipated to be apportioned to the trustee by the Controller pursuant to paragraph (3) and (4)

of subdivision (a), or to the funds apportioned to by the Controller to the trustee under any other provision of this section.

(c) (1) Participating parties that elect to participate under this section shall apply to the authority. The authority shall consider each of the following priorities in making funds available:

(A) First priority shall be given to school districts, charter schools, or county offices of education that apply for funding for instructional classroom space.

(B) Second priority shall be given to school districts, charter schools, or county offices of education that apply for funding of modernization of instructional classroom space.

(C) Third priority shall be given to all other eligible costs, as defined in Section 17173.

(2) The authority shall prioritize applications at appropriate intervals.

(3) A school district electing to participate under this section that has applied for revenue bond moneys for purposes of joint venture school facilities construction projects, pursuant to Article 5 (commencing with Section 17060) of Chapter 12, shall not be subject to the priorities set forth in paragraph (1).

(d) This section shall not be construed to make the State of California liable for any payments within the meaning of Section 1 of Article XVI of the California Constitution or otherwise, except as expressly provided in this section.

(e) A school district that has a qualified or negative certification pursuant to Section 42131, or a county office of education that has a qualified or negative certification pursuant to Section 1240, may not participate under this section.

SEC. 37. Section 17199.6 is added to the Education Code, to read:

17199.6. The authority is delegated exclusive control over the use and allocation of the volume cap described in Section 142(k) of the federal Internal Revenue Code, or successor provisions of the Internal Revenue Code. The board of the authority, by resolution, may use the volume cap for obligations issued by the authority or allocate the volume cap to any party.

SEC. 37.1. Section 17230 of the Education Code is amended to read:

17230. Notwithstanding the provisions of Article 4 (commencing with Section 17455) of Chapter 4 and in addition to

the requirements placed upon school districts pursuant to Section 54222 of the Government Code, the governing board of a school district may sell, for less than fair market value, a schoolsite that is deemed to be surplus property of the school district and for which a charter school has not accepted an offer to purchase or lease pursuant to Section 17457.5, to a park district, city, or county in which the school district is wholly or partially situated for use or partial use as park or recreational purposes or open-space purposes if the governing board of the school district adopts a resolution specifying that it will sell or transfer the property for less than fair market value to such an entity for that purpose. The offer to sell shall be made in writing, but the terms by which the property may be sold or transferred need not be specifically provided.

SEC. 37.3. Section 17457.5 is added to the Education Code, to read:

17457.5. (a) Notwithstanding Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5 of the Government Code, the governing board of a school district seeking to sell or lease real property designed to provide direct instruction or instructional support it deems to be surplus property shall first offer that property for sale or lease to any charter school that has submitted a written request to the school district to be notified of surplus property offered for sale or lease by the school district, pursuant to the following conditions:

(1) The real property sold or leased shall be used by the charter school exclusively to provide direct instruction or instructional support, for a period of not less than five years from the date upon which the real property is made available to that charter school, pursuant to the sale, or, in the event of a lease, until the real property is returned to the possession of the school district, whichever occurs earlier.

(2) In the event that the charter school fails to comply with the condition set forth in paragraph (1), the charter school that purchased the real property is required to immediately offer that real property for sale pursuant to this article and Article 5 (commencing with Section 17485) and to sell the property pursuant to those provisions. The charter school shall comply, in that regard, with all requirements under those provisions that would otherwise apply to a school district, except that a sale price computed under

subdivision (a) of Section 17491 shall be based upon the cost of acquisition incurred by the school district that sold the property pursuant to this subdivision, rather than that incurred by the charter school. In the event, alternatively, of a lease of real property pursuant to this subdivision, the failure by the charter school to comply with paragraph (1) shall constitute a breach of the lease, entitling the school district to immediate possession of the real property, in addition to any damages to which the school district may be entitled under the lease agreement.

(3) The school district, and each of the entities authorized to receive offers of sale pursuant to this article or Article 5 (commencing with Section 17485), has standing to enforce the conditions set forth in this subdivision, and shall be entitled to the payment of reasonable attorney's fees incurred as a prevailing party in any action or proceeding brought to enforce any of those conditions.

(b) A school district seeking to sell or lease real property designed to provide direct instruction or instructional support it deems to be surplus property shall provide a written offer to any charter school that has submitted a written request to the school district to be notified of surplus property offered for sale or lease by the school district. A charter school desiring to purchase or lease the property shall, within 60 days after a written offer is received, notify the school district of its intent to purchase or lease the property. In the event more than one charter school notifies the school district of their intent to purchase or lease the property, the governing board of the school district may determine to which charter school to sell or lease the property.

(c) The price at which property described in this section is sold pursuant to this section shall not exceed the school district's cost of acquisition, adjusted by a factor equivalent to the percentage increase or decrease in the cost of living from the date of purchase to the year in which the offer of sale is made, plus the cost of any school facilities construction undertaken on the property by the school district since its acquisition of the land, adjusted by a factor equivalent to the increase or decrease in the statewide cost index for class B construction, as annually determined by the State Allocation Board pursuant to Section 17072.10, from the year the improvement is completed to the year in which the sale is made. In the event a statewide cost index for class B construction is not

available, the school district shall use a factor equal to the average statewide cost index for class B construction for the preceding 10 calendar years. In no event shall the price be less than 25 percent of the fair market value of the property described in this section or less than the amount necessary to retire the share of local bonded indebtedness plus the amount of the original cost of the approved state aid applications on the property. The percentage of annual increase or decrease in the cost of living shall be the amount shown for January 1 of the applicable year by the then current Bureau of Labor Statistics Consumers Price Index for the area in which the schoolsite is located.

(d) Land that is leased pursuant to this section shall be leased at an annual rate of not more than 5 percent of the maximum sales price determined pursuant to subdivision (c), adjusted annually by a factor equivalent to the percentage increase or decrease in the cost of living for the immediately preceding year. The percentage of annual increase or decrease in the cost of living shall be the amount shown for January 1 of the applicable year by the then current Bureau of Labor Statistics Consumers Price Index for the area in which the schoolsite is located.

(e) The sale or lease of the real property of a school district, as authorized under subdivision (a), shall not occur until the school district advisory committee has held hearings pursuant to subdivision (c) of Section 17390.

(f) This section shall only apply to real property identified by a school district as surplus property after July 1, 2012.

(g) This section shall become inoperative on June 30, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 37.5. Section 17458 of the Education Code is amended to read:

17458. (a) Notwithstanding Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5 of the Government Code, the governing board of a school district complying with Section 101238.2 of Title 22 of the California Code of Regulations and seeking to sell or lease real property it deems to be surplus property and for which a charter school has not accepted an offer to purchase or lease pursuant to Section

17457.5, may first offer that property for sale or lease to a contracting agency, as defined in Section 8208, pursuant to the following conditions:

(1) The real property sold or leased shall be used by the contracting agency, or by a successor in interest to the contracting agency, exclusively for the delivery of child care and development services, as defined in Section 8208, for a period of not less than five years from the date upon which the real property is made available to that agency, or successor in interest, pursuant to the sale, or, in the event of a lease, until the real property is returned to the possession of the school district, whichever occurs earlier.

(2) In the event that the contracting agency, or any successor in interest, fails to comply with the condition set forth in paragraph (1), that agency, or successor in interest, that purchased the real property, is required immediately to offer that real property for sale pursuant to this article and Article 5 (commencing with Section 17485) and to sell the property pursuant to those provisions. The agency, or its successor in interest, shall comply, in that regard, with all requirements under those provisions that would otherwise apply to a school district, except that a sale price computed under subdivision (a) of Section 17491 shall be based upon the cost of acquisition incurred by the school district that sold the property pursuant to this subdivision, rather than that incurred by the contracting agency or its successor in interest. In the event, alternatively, of a lease of real property pursuant to this subdivision, the failure by the contracting agency, or any successor in interest, to comply with paragraph (1) shall constitute a breach of the lease, entitling the school district to immediate possession of the real property, in addition to any damages to which the school district may be entitled under the lease agreement.

(3) The school district, and each of the entities authorized to receive offers of sale pursuant to this article or Article 5 (commencing with Section 17485), has standing to enforce the conditions set forth in this subdivision, and shall be entitled to the payment of reasonable attorneys' fees incurred as a prevailing party in any action or proceeding brought to enforce any of those conditions.

(b) No sale or lease of the real property of a school district, as authorized under subdivision (a), may occur until the school district

advisory committee has held hearings pursuant to subdivision (c) of Section 17390.

(c) This section is in addition to, and shall not limit the requirements of, Article 5 (commencing with Section 17485), but this section may be used with regard to property that the governing board of a school district may retain under Section 17490.

SEC. 37.7. Section 17464 of the Education Code is amended to read:

17464. Except as provided for in Article 2 (commencing with Section 17230) of Chapter 1, the sale or lease with an option to purchase of real property by a school district shall be in accordance with the following priorities and procedures:

(a) First, the property shall be offered for sale or lease pursuant to Section 17457.5 to any interested charter school for purposes of providing direct instruction or instructional support.

(b) Second, the property shall be offered for park or recreational purposes pursuant to Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5 of the Government Code, in any instance in which that article is applicable.

(c) Third, the property shall be offered for sale or lease with an option to purchase, at fair market value in both of the following ways:

(1) In writing, to the Director of General Services, the Regents of the University of California, the Trustees of the California State University, the county and city in which the property is situated, to any public housing authority in the county in which the property is situated, and to any entity referenced in paragraph (2) that has submitted a written request to the school district to be directly notified of the offer for sale or lease with an option to purchase the real property by the school district.

(2) By public notice to any public district, public authority, public agency, public corporation, or any other political subdivision in this state, to the federal government, and to nonprofit charitable corporations existing on December 31, 1979, and organized pursuant to Part 3 (commencing with Section 10200) of Division 2 of Title 1 of the Corporations Code then in effect or organized on or after January 1, 1980, as a public benefit corporation under Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code. Public notice shall consist of at least publishing its intention to dispose of the real property in a

newspaper of general circulation within the school district, or if there is no newspaper of general circulation in the school district, then in any newspaper of general circulation that is regularly circulated in the school district. The notice shall specify that the property is being made available to all public districts, public authorities, public agencies, and other political subdivisions or public corporations in this state, and to other nonprofit charitable or nonprofit public benefit corporations.

(d) Publication of notice pursuant to this section shall be once each week for three successive weeks. Three publications in a newspaper regularly published once a week or more often, with at least five days intervening between the respective publication dates not counting the publication dates, are sufficient. The written notice required by paragraph (1) of subdivision (c) shall be mailed no later than the date of the second published notice.

(e) The entity desiring to purchase or lease the property shall, within 60 days after the third publication of notice, notify the school district of its intent to purchase or lease the property. If the entity desiring to purchase or lease the property and the school district are unable to arrive at a mutually satisfactory price or lease payment during the 60-day period, the property may be disposed of as otherwise provided in this section. In the event the school district receives offers from more than one entity pursuant to this subdivision, the school district governing board may determine which of these offers to accept.

(f) Fourth, the property may be disposed of in any other manner authorized by law.

(g) This section shall become operative January 1, 1988.

SEC. 37.9. Section 17489 of the Education Code is amended to read:

17489. (a) Notwithstanding Section 54222 of the Government Code, the governing board of a school district, before selling or leasing a schoolsite containing land described in Section 17486, excluding that portion of a schoolsite retained by the governing board of the school district pursuant to Section 17490, shall, if a charter school has not accepted an offer to purchase or lease the schoolsite pursuant to Section 17457.5, first offer to sell or lease that portion of the schoolsite consisting of land described in Section 17486, excluding that portion retained by the governing board of

the school district pursuant to Section 17490, to the following public agencies in accordance with the following priorities:

- (1) First, to any city within which the land may be situated.
- (2) Second, to any park or recreation district within which the land may be situated.
- (3) Third, to any regional park authority having jurisdiction within the area in which the land is situated.
- (4) Fourth, to any county within which the land may be situated.

(b) The governing board of the school district shall have discretion to determine whether the offer shall be an offer to sell or an offer to lease.

(c) An entity which proposes to purchase or lease a schoolsite offered by a school district shall notify the school district of its intention, in writing, within 60 days after receiving written notification from the school district of its offer to sell or lease.

SEC. 38. Section 17592.71 of the Education Code is amended to read:

17592.71. (a) There is hereby established in the State Treasury the School Facilities Emergency Repair Account. The State Allocation Board shall administer the account.

(b) (1) Commencing with the 2005–06 fiscal year, an amount of moneys shall be transferred in the annual Budget Act from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account, equaling 50 percent of the unappropriated balance of the Proposition 98 Reversion Account or one hundred million dollars (\$100,000,000), whichever amount is greater. Moneys transferred pursuant to this subdivision shall be used for the purpose of addressing emergency facilities needs pursuant to Section 17592.72.

(2) Notwithstanding paragraph (1), for the 2008–09 fiscal year, the amount of money to be transferred from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account pursuant to paragraph (1) shall not exceed one hundred one million dollars (\$101,000,000).

(3) Notwithstanding paragraph (1), for the 2009–10 fiscal year, the amount of money to be transferred from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account pursuant to paragraph (1) shall be zero.

(4) Notwithstanding paragraph (1), for the 2010–11 fiscal year, the amount of money to be transferred from the Proposition 98

Reversion Account to the School Facilities Emergency Repair Account pursuant to paragraph (1) shall be zero.

(5) Notwithstanding paragraph (1), for the 2011–12 fiscal year, the amount of money to be transferred from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account pursuant to paragraph (1) shall be zero.

(6) Notwithstanding paragraph (1), for the 2012–13 fiscal year, the amount of money to be transferred from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account pursuant to paragraph (1) shall be zero.

(c) The Legislature may transfer to the School Facilities Emergency Repair Account other one-time Proposition 98 funds, except funds specified pursuant to Section 41207, as repealed and added by Section 6 of Chapter 216 of the Statutes of 2004. Donations by private entities shall be deposited in the account and, for tax purposes, be treated as otherwise provided by law.

(d) Funds shall be transferred pursuant to this section until a total of eight hundred million dollars (\$800,000,000) has been disbursed from the School Facilities Emergency Repair Account.

SEC. 39. Section 22138.5 of the Education Code is amended to read:

22138.5. (a) “Full time” means the days or hours of creditable service the employer requires to be performed by a class of employees in a school year in order to earn the compensation earnable as defined in Section 22115 and specified under the terms of a collective bargaining agreement or employment agreement. For the purpose of crediting service under this part, “full time” may not be less than the minimum standard specified in this section. Each collective bargaining agreement or employment agreement that applies to a member subject to the minimum standard specified in paragraph (5) of subdivision (c) shall specify the number of hours of creditable service that equal “full time” pursuant to this section, and shall make specific reference to this section.

(b) The minimum standard for full time in prekindergarten through grade 12 is as follows:

(1) One hundred seventy-five days per year or 1,050 hours per year, except as provided in paragraphs (2) and (3).

(2) (A) One hundred ninety days per year or 1,520 hours per year for all principals and program managers, including advisers,

coordinators, consultants, and developers or planners of curricula, instructional materials, or programs, and for administrators, except as provided in subparagraph (B).

(B) Two hundred fifteen days per year or 1,720 hours per year including school and legal holidays pursuant to the policy adopted by the employer's governing board for administrators at a county office of education.

(3) One thousand fifty hours per year for teachers in adult education programs.

(4) Notwithstanding any other provision of this subdivision, if a school district, county office of education, or charter school reduces the number of days of instruction pursuant to Section 46201.4 for the 2012–13 or 2013–14 fiscal years, the minimum standard for full time specified in paragraph (1) shall be reduced to the number of days of instruction provided by that school district, county office of education, or charter school and the number of hours of instruction equal to the number of days of instruction times six. The minimum standard for full time specified in paragraphs (2) and (3) for that school district, county office of education, or charter school shall be reduced by the same percentage of days and hours the standard specified in paragraph (1) was reduced pursuant to this paragraph.

(c) The minimum standard for full time in community colleges is as follows:

(1) One hundred seventy-five days per year or 1,050 hours per year, except as provided in paragraphs (2), (3), (4), (5), and (6). Full time includes time for duties the employer requires to be performed as part of the full-time assignment for a particular class of employees.

(2) One hundred ninety days per year or 1,520 hours per year for all program managers and for administrators, except as provided in paragraph (3).

(3) Two hundred fifteen days per year or 1,720 hours per year including school and legal holidays pursuant to the policy adopted by the employer's governing board for administrators at a district office.

(4) One hundred seventy-five days per year or 1,050 hours per year for all counselors and librarians.

(5) Five hundred twenty-five instructional hours per school year for all instructors employed on a part-time basis, except instructors

specified in paragraph (6). If an instructor receives compensation for office hours pursuant to Article 10 (commencing with Section 87880) of Chapter 3 of Part 51 of Division 7 of Title 3, the minimum standard shall be increased appropriately by the number of office hours required annually for the class of employees.

(6) Eight hundred seventy-five instructional hours per school year for all instructors employed in adult education programs. If an instructor receives compensation for office hours pursuant to Article 10 (commencing with Section 87880) of Chapter 3 of Part 51 of Division 7 of Title 3, the minimum standard shall be increased appropriately by the number of office hours required annually for the class of employees.

(d) The board has final authority to determine full time for purposes of crediting service under this part if full time is not otherwise specified in this section.

SEC. 40. Section 41202 of the Education Code is amended to read:

41202. The words and phrases set forth in subdivision (b) of Section 8 of Article XVI of the Constitution of the State of California shall have the following meanings:

(a) “Moneys to be applied by the State,” as used in subdivision (b) of Section 8 of Article XVI of the California Constitution, means appropriations from the General Fund that are made for allocation to school districts, as defined, or community college districts. An appropriation that is withheld, impounded, or made without provisions for its allocation to school districts or community college districts, shall not be considered to be “moneys to be applied by the State.”

(b) “General Fund revenues which may be appropriated pursuant to Article XIII B,” as used in paragraph (1) of subdivision (b) of Section 8 of Article XVI, means General Fund revenues that are the proceeds of taxes as defined by subdivision (c) of Section 8 of Article XIII B of the California Constitution, including, for the 1986–87 fiscal year only, any revenues that are determined to be in excess of the appropriations limit established pursuant to Article XIII B for the fiscal year in which they are received. General Fund revenues for a fiscal year to which paragraph (1) of subdivision (b) is being applied shall include, in that computation, only General Fund revenues for that fiscal year that are the proceeds of taxes, as defined in subdivision (c) of Section 8 of Article XIII B of the

California Constitution, and shall not include prior fiscal year revenues. Commencing with the 1995–96 fiscal year, and each fiscal year thereafter, “General Fund revenues that are the proceeds of taxes,” as defined in subdivision (c) of Section 8 of Article XIII B of the California Constitution, includes any portion of the proceeds of taxes received from the state sales tax that are transferred to the counties pursuant to, and only if, legislation is enacted during the 1995–96 fiscal year the purpose of which is to realign children’s programs. The amount of the proceeds of taxes shall be computed for any fiscal year in a manner consistent with the manner in which the amount of the proceeds of taxes was computed by the Department of Finance for purposes of the Governor’s Budget for the Budget Act of 1986.

(c) “General Fund revenues appropriated for school districts,” as used in paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means the sum of appropriations made that are for allocation to school districts, as defined in Section 41302.5, regardless of whether those appropriations were made from the General Fund to the Superintendent, to the Controller, or to any other fund or state agency for the purpose of allocation to school districts. The full amount of any appropriation shall be included in the calculation of the percentage required by paragraph (1) of subdivision (b) of Article XVI, without regard to any unexpended balance of any appropriation. Any reappropriation of funds appropriated in any prior year shall not be included in the sum of appropriations.

(d) “General Fund revenues appropriated for community college districts,” as used in paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means the sum of appropriations made that are for allocation to community college districts, regardless of whether those appropriations were made from the General Fund to the Controller, to the Chancellor of the California Community Colleges, or to any other fund or state agency for the purpose of allocation to community college districts. The full amount of any appropriation shall be included in the calculation of the percentage required by paragraph (1) of subdivision (b) of Article XVI, without regard to any unexpended balance of any appropriation. Any reappropriation of funds appropriated in any prior year shall not be included in the sum of appropriations.

(e) “Total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means the sum of appropriations made that are for allocation to school districts, as defined in Section 41302.5, and community college districts, regardless of whether those appropriations were made from the General Fund to the Controller, to the Superintendent, to the Chancellor of the California Community Colleges, or to any other fund or state agency for the purpose of allocation to school districts and community college districts. The full amount of any appropriation shall be included in the calculation of the percentage required by paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI, without regard to any unexpended balance of any appropriation. Any reappropriation of funds appropriated in any prior year shall not be included in the sum of appropriations.

(f) “General Fund revenues appropriated for school districts and community college districts, respectively” and “moneys to be applied by the state for the support of school districts and community college districts,” as used in Section 8 of Article XVI of the California Constitution, shall include funds appropriated for part-day California state preschool programs under Article 7 (commencing with Section 8235) of Chapter 2 of Part 6 of Division 1 of Title 1, and the After School Education and Safety Program established pursuant to Article 22.5 (commencing with Section 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not include any of the following:

(1) Any appropriation that is not made for allocation to a school district, as defined in Section 41302.5, or to a community college district, regardless of whether the appropriation is made for any purpose that may be considered to be for the benefit to a school district, as defined in Section 41302.5, or a community college district. This paragraph shall not be construed to exclude any funding appropriated for part-day California state preschool programs under Article 7 (commencing with Section 8235) of Chapter 2 of Part 6 of Division 1 of Title 1 or the After School Education and Safety Program established pursuant to Article 22.5 (commencing with Section 8482) of Chapter 2 of Part 6 of Division 1 of Title 1.

(2) Any appropriation made to the Teachers' Retirement Fund or to the Public Employees' Retirement Fund except those appropriations for reimbursable state mandates imposed on or before January 1, 1988.

(3) Any appropriation made to service any public debt approved by the voters of this state.

(4) With the exception of the programs identified in paragraph (1), commencing with the 2011–12 fiscal year, any funds appropriated for the Child Care and Development Services Act, pursuant to Chapter 2 (commencing with Section 8200) of Part 6 of Division 1 of Title 1.

(g) "Allocated local proceeds of taxes," as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means, for school districts as defined, those local revenues, except revenues identified pursuant to paragraph (5) of subdivision (h) of Section 42238, that are used to offset state aid for school districts in calculations performed pursuant to Sections 2558, 42238, and Chapter 7.2 (commencing with Section 56836) of Part 30.

(h) "Allocated local proceeds of taxes," as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means, for community college districts, those local revenues that are used to offset state aid for community college districts in calculations performed pursuant to Section 84700. In no event shall the revenues or receipts derived from student fees be considered "allocated local proceeds of taxes."

(i) For purposes of calculating the 4-percent entitlement pursuant to subdivision (a) of Section 8.5 of Article XVI of the California Constitution, "the total amount required pursuant to Section 8(b)" shall mean the General Fund aid required for schools pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution, and shall not include allocated local proceeds of taxes.

(j) This section shall become inoperative on December 15, 2012, and, as of January 1, 2013, is repealed, only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is

approved at the same election and receives a greater number of affirmative votes.

SEC. 41. Section 41202 is added to the Education Code, to read:

41202. The words and phrases set forth in subdivision (b) of Section 8 of Article XVI of the Constitution of the State of California shall have the following meanings:

(a) “Moneys to be applied by the State,” as used in subdivision (b) of Section 8 of Article XVI of the California Constitution, means appropriations from the General Fund that are made for allocation to school districts, as defined, or community college districts. An appropriation that is withheld, impounded, or made without provisions for its allocation to school districts or community college districts, shall not be considered to be “moneys to be applied by the State.”

(b) “General Fund revenues which may be appropriated pursuant to Article XIII B,” as used in paragraph (1) of subdivision (b) of Section 8 of Article XVI, means General Fund revenues that are the proceeds of taxes as defined by subdivision (c) of Section 8 of Article XIII B of the California Constitution, including, for the 1986–87 fiscal year only, any revenues that are determined to be in excess of the appropriations limit established pursuant to Article XIII B for the fiscal year in which they are received. General Fund revenues for a fiscal year to which paragraph (1) of subdivision (b) is being applied shall include, in that computation, only General Fund revenues for that fiscal year that are the proceeds of taxes, as defined in subdivision (c) of Section 8 of Article XIII B of the California Constitution, and shall not include prior fiscal year revenues. Commencing with the 1995–96 fiscal year, and each fiscal year thereafter, “General Fund revenues that are the proceeds of taxes,” as defined in subdivision (c) of Section 8 of Article XIII B of the California Constitution, includes any portion of the proceeds of taxes received from the state sales tax that are transferred to the counties pursuant to, and only if, legislation is enacted during the 1995–96 fiscal year the purpose of which is to realign children’s programs. The amount of the proceeds of taxes shall be computed for any fiscal year in a manner consistent with the manner in which the amount of the proceeds of taxes was computed by the Department of Finance for purposes of the Governor’s Budget for the Budget Act of 1986.

(c) “General Fund revenues appropriated for school districts,” as used in paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means the sum of appropriations made that are for allocation to school districts, as defined in Section 41302.5, regardless of whether those appropriations were made from the General Fund to the Superintendent, to the Controller, or to any other fund or state agency for the purpose of allocation to school districts. The full amount of any appropriation shall be included in the calculation of the percentage required by paragraph (1) of subdivision (b) of Article XVI, without regard to any unexpended balance of any appropriation. Any reappropriation of funds appropriated in any prior year shall not be included in the sum of appropriations.

(d) “General Fund revenues appropriated for community college districts,” as used in paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means the sum of appropriations made that are for allocation to community college districts, regardless of whether those appropriations were made from the General Fund to the Controller, to the Chancellor of the California Community Colleges, or to any other fund or state agency for the purpose of allocation to community college districts. The full amount of any appropriation shall be included in the calculation of the percentage required by paragraph (1) of subdivision (b) of Article XVI, without regard to any unexpended balance of any appropriation. Any reappropriation of funds appropriated in any prior year shall not be included in the sum of appropriations.

(e) “Total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means the sum of appropriations made that are for allocation to school districts, as defined in Section 41302.5, and community college districts, regardless of whether those appropriations were made from the General Fund to the Controller, to the Superintendent, to the Chancellor of the California Community Colleges, or to any other fund or state agency for the purpose of allocation to school districts and community college districts. The full amount of any appropriation shall be included in the calculation of the percentage required by paragraph (2) or (3) of subdivision

(b) of Section 8 of Article XVI, without regard to any unexpended balance of any appropriation. Any reappropriation of funds appropriated in any prior year shall not be included in the sum of appropriations.

(f) “General Fund revenues appropriated for school districts and community college districts, respectively” and “moneys to be applied by the state for the support of school districts and community college districts,” as used in Section 8 of Article XVI of the California Constitution, shall include funds appropriated for part-day California state preschool programs under Article 7 (commencing with Section 8235) of Chapter 2 of Part 6 of Division 1 of Title 1, the After School Education and Safety Program established pursuant to Article 22.5 (commencing with Section 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, the California Early Intervention Services Act established pursuant to Title 14 (commencing with Section 95000) of the Government Code, and any appropriation made to service general obligation bond debt on behalf of school districts, county offices of education, charter schools, and community college districts, and shall not include any of the following:

(1) Any appropriation that is not made for allocation to a school district, as defined in Section 41302.5, or to a community college district, regardless of whether the appropriation is made for any purpose that may be considered to be for the benefit to a school district, as defined in Section 41302.5, or a community college district. This paragraph shall not be construed to exclude any funding appropriated for part-day California state preschool programs under Article 7 (commencing with Section 8235) of Chapter 2 of Part 6 of Division 1 of Title 1, the After School Education and Safety Program established pursuant to Article 22.5 (commencing with Section 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, the California Early Intervention Services Act established pursuant to Title 14 (commencing with Section 95000) of the Government Code, or any appropriation made to service general obligation bond debt on behalf of school districts, county offices of education, charter schools, and community college districts.

(2) Any appropriation made to the Teachers’ Retirement Fund or to the Public Employees’ Retirement Fund except those

appropriations for reimbursable state mandates imposed on or before January 1, 1988.

(3) With the exception of the programs identified in paragraph (1), commencing with the 2011–12 fiscal year, any funds appropriated for the Child Care and Development Services Act, pursuant to Chapter 2 (commencing with Section 8200) of Part 6 of Division 1 of Title 1.

(g) “Allocated local proceeds of taxes,” as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means, for school districts as defined, those local revenues, except revenues identified pursuant to paragraph (5) of subdivision (h) of Section 42238, that are used to offset state aid for school districts in calculations performed pursuant to Sections 2558, 42238, and Chapter 7.2 (commencing with Section 56836) of Part 30 of Division 4.

(h) “Allocated local proceeds of taxes,” as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means, for community college districts, those local revenues that are used to offset state aid for community college districts in calculations performed pursuant to former Section 84700. In no event shall the revenues or receipts derived from student fees be considered “allocated local proceeds of taxes.”

(i) For purposes of calculating the 4-percent entitlement pursuant to subdivision (a) of Section 8.5 of Article XVI of the California Constitution, “the total amount required pursuant to Section 8(b)” shall mean the General Fund aid required for schools pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution, and shall not include allocated local proceeds of taxes.

(j) This section shall not become operative until December 15, 2012, and shall become operative only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes. If the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is approved by the voters at the November 6, 2012, statewide general election,

and all of the provisions of that act that modify personal income tax rates become operative, this section shall not become operative and shall be repealed on January 1, 2013.

SEC. 42. Section 41203.1 of the Education Code is amended to read:

41203.1. (a) For the 1990–91 fiscal year and each fiscal year thereafter, allocations calculated pursuant to Section 41203 shall be distributed in accordance with calculations provided in this section. Notwithstanding Section 41203, and for purposes of this section, school districts, community college districts, and direct elementary and secondary level instructional services provided by the State of California shall be regarded as separate segments of public education, and each of these three segments of public education shall be entitled to receive respective shares of the amount calculated pursuant to Section 41203 as though the calculation made pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution were to be applied separately to each segment and the base year for purposes of this calculation under paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution were based on the 1989–90 fiscal year. Calculations made pursuant to this subdivision shall be made so that each segment of public education is entitled to the greater of the amounts calculated for that segment pursuant to paragraph (1) or (2) of subdivision (b) of Section 8 of Article XVI of the California Constitution.

(b) If the single calculation made pursuant to Section 41203 yields a guaranteed amount of funding that is less than the sum of the amounts calculated pursuant to subdivision (a), the amount calculated pursuant to Section 41203 shall be prorated for the three segments of public education.

(c) Notwithstanding any other law, this section does not apply to the 1992–93 to 2012–13 fiscal years, inclusive.

SEC. 43. Section 41204.2 of the Education Code is repealed.

SEC. 44. Section 41204.3 of the Education Code is repealed.

SEC. 45. Section 41207.6 is added to the Education Code, to read:

41207.6. If the Superintendent and the Director of Finance jointly determine that, for the 2011–12 fiscal year, the state has applied moneys for the support of school districts and community college districts in an amount that exceeds the minimum amount

required for the 2011–12 fiscal year pursuant to Section 8 of Article XVI of the California Constitution, the excess, up to six hundred seventy-one million eight hundred thirty thousand dollars (\$671,830,000), shall be deemed, as of June 30, 2012, a payment of the fiscal settlement agreed to by the parties in *California Teachers Association, et al. v. Arnold Schwarzenegger* (Case Number 05CS01165 of the Superior Court for the County of Sacramento) and Chapter 213 of the Statutes of 2004 for the 2004–05 and 2005–06 fiscal years, as determined in subdivision (a) or (b) of Section 41207.1.

SEC. 46. Section 41366.6 is added to the Education Code, to read:

41366.6. (a) The department shall monitor the adequacy of the amount of funds in the Charter School Revolving Loan Fund and report annually to the Department of Finance and the Controller on the need, if any, to transfer funds from the Charter School Security Fund to the Charter School Revolving Loan Fund for the sole purpose of replacing funds lost in the Charter School Revolving Loan Fund due to loan defaults. Before requesting any transfer of funds from the Charter School Security Fund, the department shall make all reasonable efforts to recover funds directly from the defaulting loan recipient. To the extent that the department determines that a transfer from the Charter School Security Fund to the Charter School Revolving Loan Fund is necessary, the department shall obtain approval from the Director of Finance before a transfer of funds is made. Not sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee, the Director of Finance shall direct the Controller to transfer the appropriate amount of funds.

(b) By October 1 of each year, the department shall provide detailed fund condition information for the Charter School Revolving Loan Fund and the Charter School Security Fund to the Department of Finance and the Legislative Analyst's Office. At a minimum, this information shall contain an accounting of actual beginning balances, revenues, itemized expenditures, and ending balances for the prior year, as well as projected beginning balances, revenues, itemized expenditures, and ending balances for the current year and budget year.

SEC. 47. Section 42238 of the Education Code is amended to read:

42238. (a) For the 1984–85 fiscal year and each fiscal year thereafter, the county superintendent of schools shall determine a revenue limit for each school district in the county pursuant to this section.

(b) The base revenue limit for a fiscal year shall be determined by adding to the base revenue limit for the prior fiscal year the following amounts:

(1) The inflation adjustment specified in Section 42238.1.

(2) For the 1995–96 fiscal year, the equalization adjustment specified in Section 42238.4.

(3) For the 1996–97 fiscal year, the equalization adjustments specified in Sections 42238.41, 42238.42, and 42238.43.

(4) For the 1985–86 fiscal year, the amount per unit of average daily attendance received in the 1984–85 fiscal year pursuant to Section 42238.7.

(5) For the 1985–86, 1986–87, and 1987–88 fiscal years, the amount per unit of average daily attendance received in the prior fiscal year pursuant to Section 42238.8.

(6) For the 2004–05 fiscal year, the equalization adjustment specified in Section 42238.44.

(7) For the 2006–07 fiscal year, the equalization adjustment specified in Section 42238.48.

(8) For the 2011–12 fiscal year, the equalization adjustment specified in Section 42238.49.

(c) (1) (A) For the 2010–11 fiscal year, the Superintendent shall compute an add-on for each school district by adding the inflation adjustment specified in Section 42238.1 to the adjustment specified in Section 42238.485.

(B) For the 2011–12 fiscal year and each fiscal year thereafter, the Superintendent shall compute an add-on for each school district by adding the inflation adjustment specified in Section 42238.1 to the amount computed pursuant to this paragraph for the prior fiscal year.

(2) Commencing with the 2010–11 fiscal year, the Superintendent shall compute an add-on for each school district by dividing each school district's fiscal year average daily attendance computed pursuant to Section 42238.5 by the total adjustments in funding for each district made for the 2007–08 fiscal year pursuant to Section 42238.22 as it read on January 1, 2009.

(d) The sum of the base revenue limit computed pursuant to subdivision (b) and the add-on computed pursuant to subdivision (c) shall be multiplied by the district average daily attendance computed pursuant to Section 42238.5.

(e) For districts electing to compute units of average daily attendance pursuant to paragraph (2) of subdivision (a) of Section 42238.5, the amount computed pursuant to Article 4 (commencing with Section 42280) shall be added to the amount computed in subdivision (c) or (d), as appropriate.

(f) For the 1984–85 fiscal year only, the county superintendent shall reduce the total revenue limit computed in this section by the amount of the decreased employer contributions to the Public Employees’ Retirement System resulting from enactment of Chapter 330 of the Statutes of 1982, offset by any increase in those contributions, as of the 1983–84 fiscal year, resulting from subsequent changes in employer contribution rates.

(g) The reduction required by subdivision (f) shall be calculated as follows:

(1) Determine the amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees’ Retirement System employer contribution rate in effect immediately before the enactment of Chapter 330 of the Statutes of 1982 was in effect during the 1983–84 fiscal year.

(2) Subtract from the amount determined in paragraph (1) the greater of subparagraph (A) or (B):

(A) The amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees’ Retirement System employer contribution rate in effect immediately after the enactment of Chapter 330 of the Statutes of 1982 was in effect during the 1983–84 fiscal year.

(B) The actual amount of employer contributions made to the Public Employees’ Retirement System in the 1983–84 fiscal year.

(3) For purposes of this subdivision, employer contributions to the Public Employees’ Retirement System for either of the following shall be excluded from the calculation specified above:

(A) Positions supported totally by federal funds that were subject to supplanting restrictions.

(B) Positions supported, to the extent of employer contributions not exceeding twenty-five thousand dollars (\$25,000) by a single educational agency, from a revenue source determined on the basis

of equity to be properly excludable from the provisions of this subdivision by the Superintendent with the approval of the Director of Finance.

(4) For accounting purposes, the reduction made by this subdivision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent.

(h) The Superintendent shall apportion to each school district the amount determined in this section less the sum of:

(1) The district's property tax revenue received pursuant to Chapter 3.5 (commencing with Section 75) and Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code.

(2) The amount, if any, received pursuant to Part 18.5 (commencing with Section 38101) of Division 2 of the Revenue and Taxation Code.

(3) The amount, if any, received pursuant to Chapter 3 (commencing with Section 16140) of Part 1 of Division 4 of Title 2 of the Government Code.

(4) Prior years' taxes and taxes on the unsecured roll.

(5) Fifty percent of the amount received pursuant to Section 41603.

(6) (A) The amount, if any, received pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), except for any amount received pursuant to Section 33401 or 33676 of the Health and Safety Code that is used for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance, except for any amount received pursuant to Section 33492.15 of, paragraph (4) of subdivision (a) of Section 33607.5 of, or Section 33607.7 of, the Health and Safety Code that is allocated exclusively for educational facilities.

(B) The amount, if any, received pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code.

(C) The amount, if any, received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(7) For a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606, the amount of statewide average general-purpose funding per unit of average daily attendance

received by school districts for each of four grade level ranges, as computed by the department pursuant to Section 47633, multiplied by the average daily attendance, in corresponding grade level ranges, of any pupils who attend charter schools funded pursuant to Chapter 6 (commencing with Section 47630) of Part 26.8 of Division 4 for which the school district is the sponsoring local educational agency, as defined in Section 47632, and who reside in and would otherwise have been eligible to attend a noncharter school of the school district.

(i) A transfer of pupils of grades 7 and 8 between an elementary school district and a high school district shall not result in the receiving school district receiving a revenue limit apportionment for those pupils that exceeds 105 percent of the statewide average revenue limit for the type and size of the receiving school district.

SEC. 48. Section 42238.146 of the Education Code, as amended by Section 2 of Chapter 2 of the Statutes of 2012, is amended to read:

42238.146. (a) (1) For the 2003–04 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 1.198 percent deficit factor.

(2) For the 2004–05 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 0.323 percent deficit factor.

(3) For the 2003–04 and 2004–05 fiscal years, the revenue limit for each school district determined pursuant to this article shall be further reduced by a 1.826 percent deficit factor.

(4) For the 2005–06 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 0.892 percent deficit factor.

(5) For the 2008–09 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 7.844 percent deficit factor.

(6) For the 2009–10 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 18.355 percent deficit factor.

(7) For the 2010–11 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 17.963 percent deficit factor.

(8) For the 2011–12 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 20.404 percent deficit factor.

(9) For the 2012–13 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 22.272 percent deficit factor.

(b) In computing the revenue limit for each school district for the 2006–07 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2003–04, 2004–05, and 2005–06 fiscal years without being reduced by the deficit factors specified in subdivision (a).

(c) In computing the revenue limit for each school district for the 2010–11 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2009–10 fiscal year without being reduced by the deficit factors specified in subdivision (a).

(d) In computing the revenue limit for each school district for the 2011–12 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2010–11 fiscal year without being reduced by the deficit factors specified in subdivision (a).

(e) In computing the revenue limit for each school district for the 2012–13 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2011–12 fiscal year without being reduced by the deficit factors specified in subdivision (a).

(f) In computing the revenue limit for each school district for the 2013–14 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2012–13 fiscal year without being reduced by the deficit factors specified in subdivision (a).

SEC. 49. Section 42238.15 of the Education Code is amended to read:

42238.15. (a) Notwithstanding any other law, and in lieu of any inflation or cost-of-living adjustment otherwise authorized for any of the programs enumerated in subdivision (b), state funding for the programs enumerated in subdivision (b) shall be increased annually by the product of the following:

(1) The sum of 1.0 plus the percentage change determined under subdivision (b) of Section 42238.1.

(2) The sum of 1.0 plus the percentage of increase, from the prior fiscal year to the current fiscal year, in each of the workload factors described in subdivision (b).

(b) The programs for which annual state funding increases are determined under this section, and the factors used to measure workload for each of those programs, are as follows:

(1) Special education programs and services, as measured by the regular second principal apportionment average daily attendance for kindergarten and grades 1 to 12, inclusive.

(2) Child care and development programs, and preschool programs, as measured by the state population of children up to and including four years of age.

(3) Instructional materials for kindergarten and grades 1 to 8, inclusive, as measured by enrollment in kindergarten and grades 1 to 8, inclusive.

(4) Instructional materials for grades 9 to 12, inclusive, as measured by enrollment in those grades.

(5) Regional occupational programs and centers, as measured by enrollment in grades 11 and 12.

(6) School improvement programs in kindergarten and grades 1 to 6, inclusive, as measured by enrollment in kindergarten and grades 1 to 6, inclusive.

(7) School improvement programs in grades 7 to 12, inclusive, as measured by enrollment in those grades.

(8) Economic impact aid, as measured by the number of children of ages 5 to 17 years, inclusive, from families that receive Aid to Families with Dependent Children and the number of pupils of limited English proficiency, as identified pursuant to Section 52163.

(9) Staff development programs, as measured by enrollment in kindergarten and grades 1 to 12, inclusive.

(10) Gifted and talented education programs, as measured by enrollment in kindergarten and grades 1 to 12, inclusive.

(c) Notwithstanding any other law, child care and development programs shall not receive a cost-of-living adjustment in the 2012–13, 2013–14, and 2014–15 fiscal years.

SEC. 50. Section 42620.1 is added to the Education Code, to read:

42620.1. (a) Whenever a charter school of a county or city and county does not have sufficient money to its credit, before the charter school receives its state, county, city and county, or district funds, to meet current expenses of maintenance, the board of supervisors of the county or city and county may order, and the auditor and treasurer of the county or city and county shall make, a temporary transfer from any funds of the county or city and county not immediately needed to pay claims against them to the charter school of the amount needed, not exceeding 85 percent of the amount of money that will accrue to the charter school during the fiscal year. Upon the making of a transfer, the auditor shall immediately notify the superintendent of schools of the county or city and county of the amount transferred. The board of supervisors may order temporary transfers of funds to charter schools only after ensuring that all transfer requests for school districts and county offices of education have been satisfied pursuant to Section 42620.

(b) The funds transferred under this section to the credit of a charter school shall be retransferred by the auditor and treasurer to the fund from which they were taken from the first moneys accruing to the charter school and before any other obligation of the charter school is paid from the money accruing.

SEC. 51. Section 42621 of the Education Code is amended to read:

42621. The county superintendent of schools of each county, with the approval of the county board of education, may make temporary transfers to a school district or charter school that does not have sufficient money to its credit to meet current operating expenses from the county school service fund, in amounts and at times that the county superintendent of schools deems necessary. These transfers shall not exceed 85 percent of the amount of money accruing to the school district or charter school at the time of transfer. The amounts so transferred shall be repaid to the county school service fund before June 30 of the current year from any funds subsequently received by the school district or charter school.

SEC. 52. Section 42622 of the Education Code is amended to read:

42622. The county superintendent of schools, with the approval of the county board of education, may make an apportionment to a school district or charter school from the county school service

fund conditional upon the repayment to the fund during the next succeeding fiscal year of the amount apportioned to the school district or charter school and, during the next succeeding fiscal year, shall transfer the amount of the apportionment from the general fund of the school district or charter school to the county school service fund.

SEC. 53. Section 46201.4 is added to the Education Code, to read:

46201.4. (a) Notwithstanding Section 46201.2, for the 2012–13 and 2013–14 school years, a school district, county office of education, or charter school may provide an instructional year of not less than 160 days or the equivalent number of instructional minutes without incurring the penalties set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5, 46202, and 47612.5.

(b) Implementation of the reduction in the number of instructional days or instructional minutes authorized pursuant to subdivision (a) by a school district, county office of education, or charter school that is subject to collective bargaining pursuant to Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code shall be achieved through the bargaining process.

(c) (1) For the 2012–13 fiscal year, the revenue limit for each school district, county office of education, and charter school determined pursuant to Article 3 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1, Article 2 (commencing with Section 42238) of Chapter 7 of Part 24 of Division 3, or Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 shall be reduced by a combined total of two billion seven hundred forty million three hundred seventy-seven thousand dollars (\$2,740,377,000) in addition to the reduction in revenue limit funding set forth in Sections 2558 and 42238.

(2) To achieve the reduction required pursuant to paragraph (1), the Superintendent shall adjust the amount of categorical funding allocated to basic aid school districts in the 2012–13 fiscal year. For purposes of this subdivision, “basic aid school district” means a school district that does not receive from the state, for the 2012–13 fiscal year, an apportionment of state funds pursuant to subdivision (h) of Section 42238.

(d) (1) This section shall become operative on December 15, 2012, only if the Schools and Local Public Safety Protection Act

of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes. If the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is approved by the voters at the November 6, 2012, statewide general election, and all of the provisions of that act that modify personal income taxes become operative, this section shall not become operative and shall be repealed on January 1, 2013.

(2) If this section becomes operative pursuant to paragraph (1), it shall become inoperative on July 1, 2015, and, as of January 1, 2016, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2016, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 54. Section 47603 of the Education Code is amended to read:

47603. (a) This part shall not be construed to prohibit any private person or organization from providing funding or other assistance to the establishment or operation of a charter school.

(b) (1) A charter school may contract with a county superintendent of schools or a county board of education for purposes of borrowing moneys pursuant to subdivision (f) of Section 1042.

(2) Moneys borrowed pursuant to subdivision (f) of Section 1042 shall be expended by a charter school solely for purposes of meeting the cash management needs of the charter school due to the deferral of apportionment payments pursuant to Sections 14041.5, 14041.6, 14041.65, and 14041.7 and pursuant to Sections 16325, 16325.5, and 16326 of the Government Code and shall not be used for purposes of making capital acquisitions.

(c) This section shall become inoperative on July 1, 2017, and, as of January 1, 2018, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2018, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 55. Section 47603 is added to the Education Code, to read:

47603. (a) This part shall not be construed to prohibit any private person or organization from providing funding or other assistance to the establishment or operation of a charter school.

(b) This section shall become operative on July 1, 2017.

SEC. 56. Section 47633 of the Education Code is amended to read:

47633. The Superintendent shall annually compute a general-purpose entitlement, funded from a combination of state aid and local funds, for each charter school as follows:

(a) The Superintendent shall annually compute the statewide average amount of general-purpose funding per unit of average daily attendance received by school districts for each of four grade level ranges: kindergarten and grades 1, 2, and 3; grades 4, 5, and 6; grades 7 and 8; and, grades 9 to 12, inclusive. For purposes of making these computations, both of the following conditions shall apply:

(1) Revenue limit funding attributable to pupils in kindergarten and grades 1 to 5, inclusive, shall equal the statewide average revenue limit funding per unit of average daily attendance received by elementary school districts; revenue limit funding attributable to pupils in grades 6, 7, and 8, shall equal the statewide average revenue limit funding per unit of average daily attendance received by unified school districts; and revenue limit funding attributable to pupils in grades 9 to 12, inclusive, shall equal the statewide average revenue limit funding per unit of average daily attendance received by high school districts.

(2) Revenue limit funding received by school districts shall exclude the value of any benefit attributable to the presence of necessary small schools or necessary small high schools within the school district.

(b) The Superintendent shall multiply each of the four amounts computed in subdivision (a) by the charter school's average daily attendance in the corresponding grade level ranges. The resulting figure shall be the amount of the charter school's general-purpose entitlement, which shall be funded through a combination of state aid and local funds. From funds appropriated for this purpose pursuant to Section 14002, the superintendent shall apportion to each charter school this amount, less local funds allocated to the charter school pursuant to Section 47635 and any amount received

pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(c) General-purpose entitlement funding may be used for any public school purpose determined by the governing body of the charter school.

SEC. 57. Section 52055.770 of the Education Code is amended to read:

52055.770. (a) School districts and chartering authorities shall receive funding at the following rate, on behalf of funded schools:

(1) For kindergarten and grades 1 to 3, inclusive, five hundred dollars (\$500) per enrolled pupil in funded schools.

(2) For grades 4 to 8, inclusive, nine hundred dollars (\$900) per enrolled pupil in funded schools.

(3) For grades 9 to 12, inclusive, one thousand dollars (\$1,000) per enrolled pupil in funded schools.

(b) For purposes of subdivision (a), enrollment of a pupil in a funded school in the prior fiscal year shall be based on data from the CBEDS. For the 2007–08 fiscal year, the funded rates shall be reduced to reflect the percentage difference in the total amounts appropriated for purposes of this section in that year compared to the amounts appropriated for purposes of this section in the 2008–09 fiscal year.

(c) The following amounts are hereby appropriated from the General Fund for the purposes set forth in subdivision (g):

(1) For the 2007–08 fiscal year, three hundred million dollars (\$300,000,000), to be allocated as follows:

(A) Thirty-two million dollars (\$32,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(B) Two hundred sixty-eight million dollars (\$268,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(2) For each of the 2008–09, 2011–12, and 2014–15 fiscal years, four hundred fifty million dollars (\$450,000,000) per fiscal year, to be allocated as follows:

(A) Forty-eight million dollars (\$48,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (e) for the 2008–09 fiscal year, and under subdivision (f) for the 2011–12 and 2014–15 fiscal years.

(B) Four hundred two million dollars (\$402,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(3) For the 2009–10 fiscal year, thirty million dollars (\$30,000,000), to be allocated for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (e).

(4) For the 2010–11 fiscal year, four hundred twenty million dollars (\$420,000,000), to be allocated as follows:

(A) Eighteen million dollars (\$18,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (e).

(B) Four hundred two million dollars (\$402,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(5) Commencing with the 2010–11 fiscal year, payments made pursuant to this subdivision shall be made only on or after October 8 of each fiscal year.

(d) For the 2014–15 fiscal year, the amounts appropriated under subdivision (c) shall be adjusted to reflect the total fiscal settlement agreed to by the parties in California Teachers Association, et al. v. Arnold Schwarzenegger (Case Number 05CS01165 of the Superior Court for the County of Sacramento) and the sum of all fiscal years of funding provided pursuant to this section and Section 41207.6 shall not exceed the total funds agreed to by those parties. This annual appropriation shall continue to be made until the Director of Finance reports to the Legislature, along with all proposed adjustments to the Governor’s Budget pursuant to Section 13308 of the Government Code, that the sum of appropriations

made and allocated pursuant to subdivision (c) equals the total outstanding balance of the minimum state educational funding obligation to school districts and community college districts required by Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 and 2005–06 fiscal years, as determined in subdivision (a) or (b) of Section 41207.1.

(e) The sum transferred under subparagraph (A) of paragraph (2) of subdivision (c) for the 2008–09 fiscal year shall be allocated by the Chancellor of the California Community Colleges as follows:

(1) Thirty-eight million dollars (\$38,000,000) to the community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(2) Ten million dollars (\$10,000,000) to the community colleges for the purpose of providing one-time block grants to community college districts to be used for one-time items of expenditure, including, but not limited to, the following purposes:

(A) Physical plant, scheduled maintenance, deferred maintenance, and special repairs.

(B) Instructional materials and support.

(C) Instructional equipment, including equipment related to career technical education, with priority for nursing program equipment.

(D) Library materials.

(E) Technology infrastructure.

(F) Hazardous substances abatement, cleanup, and repair.

(G) Architectural barrier removal.

(H) State-mandated local programs.

(3) The Chancellor of the California Community Colleges shall allocate the amount allocated pursuant to paragraph (2) to community college districts on an equal amount per actual full-time equivalent student (FTES) reported for the prior fiscal year, except that each community college district shall be allocated an amount not less than fifty thousand dollars (\$50,000), and the equal amount per unit of FTES shall be computed accordingly.

(4) Funds allocated under paragraph (2) shall supplement and not supplant existing expenditures and may not be counted as the community college district contribution for physical plant projects and instructional material purchases funded in Item 6870-101-0001 of Section 2.00 of the annual Budget Act.

(f) For each of the 2011–12 and 2014–15 fiscal years, the sum transferred pursuant to subparagraph (A) of paragraph (2) of subdivision (c) shall be allocated by the Chancellor of the California Community Colleges to the community colleges for the purpose of improving and expanding career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(g) The appropriations made under subdivision (c) and the amount specified in Section 41207.6 are for the purpose of discharging in full the minimum state educational funding obligation to school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 fiscal year, and the outstanding maintenance factor for the 2005–06 fiscal year resulting from this additional payment of the Chapter 213 amount for the 2004–05 fiscal year.

(h) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, including computation of the state’s minimum funding obligation to school districts and community college districts in subsequent fiscal years, the first one billion six hundred twenty million nine hundred twenty-eight thousand dollars (\$1,620,928,000) in appropriations made pursuant to subdivision (c) and the amount specified in Section 41207.6 shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 and “General Fund Revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the 2004–05 fiscal year and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for that fiscal year. The remaining appropriations made pursuant to subdivision (c) and the amount specified in Section 41207.6

shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 and “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the 2005–06 fiscal year and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for that fiscal year.

(i) From funds appropriated under subdivision (c), the Superintendent shall provide both of the following:

(1) Not more than two million dollars (\$2,000,000) annually to county superintendents of schools to carry out the requirements of this article, allocated in a manner similar to that created to carry out the new duties of those superintendents under the settlement agreement in the case of *Williams v. California* (Super. Ct. San Francisco, No. CGC-00-312236).

(2) Five million dollars (\$5,000,000) in the 2007–08 fiscal year to support regional assistance under Section 52055.730. It is the intent of the Legislature that the Superintendent and the president of the state board or his or her designee, along with county offices of education, seek foundational and other financial support to sustain and expand these services. Funds provided under this paragraph that are not expended in the 2007–08 fiscal year shall be reappropriated for use in subsequent fiscal years for the same purpose.

(j) Notwithstanding any other law, funds appropriated under subdivision (c) but not allocated to schools with kindergarten or grades 1 to 12, inclusive, in a fiscal year, due to program termination in any year or otherwise, shall be reappropriated in furtherance of the purposes of this article. First priority for those amounts shall be to provide cost-of-living increases and enrollment growth adjustments to funded schools.

(k) The sum of three hundred fifty thousand dollars (\$350,000) is hereby appropriated from the General Fund to the department to fund 3.0 positions to implement this article. Funding provided under this subdivision is not part of funds provided pursuant to subdivision (c).

SEC. 58. Section 52055.780 is added to the Education Code, to read:

52055.780. (a) School districts and chartering authorities shall receive funding at the following rate, on behalf of funded schools:

(1) For kindergarten and grades 1 to 3, inclusive, five hundred dollars (\$500) per enrolled pupil in funded schools.

(2) For grades 4 to 8, inclusive, nine hundred dollars (\$900) per enrolled pupil in funded schools.

(3) For grades 9 to 12, inclusive, one thousand dollars (\$1,000) per enrolled pupil in funded schools.

(b) For purposes of subdivision (a), enrollment of a pupil in a funded school in the prior fiscal year shall be based on data from the CBEDS.

(c) For the 2012–13 fiscal year, three hundred sixty-one million dollars (\$361,000,000) is hereby appropriated from the General Fund to be allocated as follows:

(1) Forty-eight million dollars (\$48,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (d).

(2) Three hundred thirteen million dollars (\$313,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(3) Payments made pursuant to this subdivision shall be made only on or after October 8 of the 2012–13 fiscal year.

(d) The sum transferred pursuant to paragraph (1) of subdivision (c) shall be allocated by the Chancellor of the California Community Colleges to the community colleges for the purpose of improving and expanding career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(e) For the 2013–14 fiscal year, two hundred eighteen million three hundred twenty-two thousand dollars (\$218,322,000) is hereby appropriated from the General Fund to be allocated as follows:

(1) Forty-eight million dollars (\$48,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the California Community Colleges to community colleges as required under subdivision (d).

(2) One hundred seventy million three hundred twenty-two thousand dollars (\$170,322,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(f) From funds appropriated under subdivision (c), the Superintendent shall provide not more than two million dollars (\$2,000,000) to county superintendents of schools to carry out the requirements of this article, allocated in a manner similar to that created to carry out the new duties of those superintendents under the settlement agreement in the case of *Williams v. California* (Super. Ct. San Francisco, No. CGC-00-312236).

(g) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, including computation of the state's minimum funding obligation to school districts and community college districts in subsequent fiscal years, the appropriations made pursuant to subdivisions (c) and (e) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 and "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202, for the 2012-13 fiscal year and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for that fiscal year.

SEC. 59. Section 56471 of the Education Code is amended to read:

56471. (a) The program shall be administered by the State Department of Education.

(b) The department shall establish an advisory committee. This committee will include representatives from local workability projects to ensure ongoing communications.

(c) The Superintendent shall develop criteria for awarding grants, funding, and evaluating workability projects.

(d) Eligible applicants shall include local educational agencies, including school districts, county offices of education, state special schools, and charter schools, and nonpublic, nonsectarian schools, as defined in Section 56034.

(e) Workability project applications shall include, but are not limited to, the following elements:

(1) recruitment, (2) assessment, (3) counseling, (4) preemployment skills training, (5) vocational training, (6) student wages for try-out employment, (7) placement in unsubsidized employment, (8) other assistance with transition to a quality adult life, and (9) utilization of an interdisciplinary advisory committee to enhance project goals.

SEC. 60. Section 69432 of the Education Code is amended to read:

69432. (a) Cal Grant Program awards shall be known as “Cal Grant A Entitlement Awards,” “Cal Grant B Entitlement Awards,” “California Community College Transfer Entitlement Awards,” “Competitive Cal Grant A and B Awards,” “Cal Grant C Awards,” and “Cal Grant T Awards.”

(b) Maximum award amounts for students at independent institutions and for Cal Grant C and T awards shall be identified in the annual Budget Act. Maximum award amounts for Cal Grant A and B awards for students attending public institutions shall be referenced in the annual Budget Act.

(c) (1) Notwithstanding subdivision (b), and subdivision (c) of Section 66021.2, commencing with the 2013–14 award year, the maximum tuition award amounts for Cal Grant A and B awards for students attending private for-profit and nonprofit postsecondary educational institutions shall be as follows:

(A) Four thousand dollars (\$4,000) for new recipients attending private for-profit postsecondary educational institutions.

(B) For the 2013–14 award year, nine thousand eighty-four dollars (\$9,084) for new recipients attending private nonprofit postsecondary educational institutions. For the 2014–15 award year and each award year thereafter, eight thousand fifty-six dollars (\$8,056) for new recipients attending private nonprofit postsecondary educational institutions.

(2) The renewal award amount for a student whose initial award is subject to a maximum award amount specified in this subdivision shall be calculated pursuant to paragraph (2) of subdivision (a) of Section 69433.

(3) Notwithstanding subparagraph (A) of paragraph (1), new recipients attending private for-profit postsecondary educational institutions that are accredited by the Western Association of Schools and Colleges as of July 1, 2012, shall have the same

maximum tuition award amounts as are set forth in subparagraph (B) of paragraph (1).

SEC. 61. Section 69432.7 of the Education Code is amended to read:

69432.7. As used in this chapter, the following terms have the following meanings:

(a) An “academic year” is July 1 to June 30, inclusive. The starting date of a session shall determine the academic year in which it is included.

(b) “Access costs” means living expenses and expenses for transportation, supplies, and books.

(c) “Award year” means one academic year, or the equivalent, of attendance at a qualifying institution.

(d) “College grade point average” and “community college grade point average” mean a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree.

(e) “Commission” means the Student Aid Commission.

(f) “Enrollment status” means part- or full-time status.

(1) “Part time,” for purposes of Cal Grant eligibility, means 6 to 11 semester units, inclusive, or the equivalent.

(2) “Full time,” for purposes of Cal Grant eligibility, means 12 or more semester units or the equivalent.

(g) “Expected family contribution,” with respect to an applicant, shall be determined using the federal methodology pursuant to subdivision (a) of Section 69506 (as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.)) and applicable rules and regulations adopted by the commission.

(h) “High school grade point average” means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year, excluding physical education, reserve officer training corps (ROTC), and remedial courses, and computed pursuant to regulations of the commission. However, for high school graduates who apply after their senior year, “high school grade point average” includes senior year coursework.

(i) “Instructional program of not less than one academic year” means a program of study that results in the award of an associate or baccalaureate degree or certificate requiring at least 24 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(j) “Instructional program of not less than two academic years” means a program of study that results in the award of an associate or baccalaureate degree requiring at least 48 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(k) “Maximum household income and asset levels” means the applicable household income and household asset levels for participants, including new applicants and renewing recipients, in the Cal Grant Program, as defined and adopted in regulations by the commission for the 2001–02 academic year, which shall be set pursuant to the following income and asset ceiling amounts:

CAL GRANT PROGRAM INCOME CEILINGS

| | Cal Grant A, C, and T | Cal Grant B |
|---|--------------------------|-------------|
| Dependent and Independent students with dependents* | | |
| Family Size | | |
| Six or more | \$74,100 | \$40,700 |
| Five | \$68,700 | \$37,700 |
| Four | \$64,100 | \$33,700 |
| Three | \$59,000 | \$30,300 |
| Two | \$57,600 | \$26,900 |
| Independent | | |
| Single, no dependents | \$23,500 | \$23,500 |
| Married | \$26,900 | \$26,900 |

*Applies to independent students with dependents other than a spouse.

CAL GRANT PROGRAM ASSET CEILINGS

| | Cal Grant A, C, and T | Cal Grant B |
|-------------|--------------------------|-------------|
| Dependent** | \$49,600 | \$49,600 |
| Independent | \$23,600 | \$23,600 |

**Applies to independent students with dependents other than a spouse.

The commission shall annually adjust the maximum household income and asset levels based on the percentage change in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution. The maximum household income and asset levels applicable to a renewing recipient shall be the greater of the adjusted maximum household income and asset levels or the maximum household income and asset levels at the time of the renewing recipient's initial Cal Grant award. For a recipient who was initially awarded a Cal Grant for an academic year before the 2011–12 academic year, the maximum household income and asset levels shall be the greater of the adjusted maximum household income and asset levels or the 2010–11 academic year maximum household income and asset levels. An applicant or renewal recipient who qualifies to be considered under the simplified needs test established by federal law for student assistance shall be presumed to meet the asset level test under this section. Prior to disbursing any Cal Grant funds, a qualifying institution shall be obligated, under the terms of its institutional participation agreement with the commission, to resolve any conflicts that may exist in the data the institution possesses relating to that individual.

(l) (1) “Qualifying institution” means an institution that complies with paragraphs (2) and (3) and is any of the following:

(A) A California private or independent postsecondary educational institution that participates in the Pell Grant Program and in at least two of the following federal campus-based student aid programs:

- (i) Federal Work-Study.
- (ii) Perkins Loan Program.
- (iii) Supplemental Educational Opportunity Grant Program.

(B) A nonprofit institution headquartered and operating in California that certifies to the commission that 10 percent of the institution's operating budget, as demonstrated in an audited financial statement, is expended for purposes of institutionally funded student financial aid in the form of grants, that demonstrates to the commission that it has the administrative capacity to administer the funds, that is accredited by the Western Association of Schools and Colleges, and that meets any other state-required criteria adopted by regulation by the commission in consultation with the Department of Finance. A regionally accredited institution that was deemed qualified by the commission to participate in the Cal Grant Program for the 2000–01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.

(C) A California public postsecondary educational institution.

(2) (A) The institution shall provide information on where to access California license examination passage rates for the most recent available year from graduates of its undergraduate programs leading to employment for which passage of a California licensing examination is required, if that data is electronically available through the Internet Web site of a California licensing or regulatory agency. For purposes of this paragraph, “provide” may exclusively include placement of an Internet Web site address labeled as an access point for the data on the passage rates of recent program graduates on the Internet Web site where enrollment information is also located, on an Internet Web site that provides centralized admissions information for postsecondary educational systems with multiple campuses, or on applications for enrollment or other program information distributed to prospective students.

(B) The institution shall be responsible for certifying to the commission compliance with the requirements of subparagraph (A).

(3) (A) The commission shall certify by October 1 of each year the institution's latest three-year cohort default rate and graduation rate as most recently reported by the United States Department of Education.

(B) For purposes of the 2011–12 academic year, an otherwise qualifying institution with a three-year cohort default rate reported by the United States Department of Education that is equal to or greater than 24.6 percent shall be ineligible for initial and renewal

Cal Grant awards at the institution, except as provided in subparagraph (F).

(C) For purposes of the 2012–13 academic year, and every academic year thereafter, an otherwise qualifying institution with a three-year cohort default rate that is equal to or greater than 15.5 percent, as certified by the commission on October 1, 2011, and every year thereafter, shall be ineligible for initial and renewal Cal Grant awards at the institution, except as provided in subparagraph (F).

(D) (i) An otherwise qualifying institution that becomes ineligible under this paragraph for initial and renewal Cal Grant awards may regain its eligibility for the academic year following an academic year in which it satisfies the requirements established in subparagraph (B), (C), or (G), as applicable.

(ii) If the United States Department of Education corrects or revises an institution's three-year cohort default rate or graduation rate that originally failed to satisfy the requirements established in subparagraph (B), (C), or (G), as applicable, and the correction or revision results in the institution's three-year cohort default rate or graduation rate satisfying those requirements, that institution shall immediately regain its eligibility for the academic year to which the corrected or revised three-year cohort default rate or graduation rate would have been applied.

(E) An otherwise qualifying institution for which no three-year cohort default rate or graduation rate has been reported by the United States Department of Education shall be provisionally eligible to participate in the Cal Grant Program until a three-year cohort default rate or graduation rate has been reported for the institution by the United States Department of Education.

(F) (i) An institution that is ineligible for initial and renewal Cal Grant awards at the institution under subparagraph (B), (C), or (G) shall be eligible for renewal Cal Grant awards for recipients who were enrolled in the ineligible institution during the academic year before the academic year for which the institution is ineligible and who choose to renew their Cal Grant awards to attend the ineligible institution. Cal Grant awards subject to this subparagraph shall be reduced as follows:

(I) The maximum Cal Grant A and B awards specified in the annual Budget Act shall be reduced by 20 percent.

(II) The reductions specified in this subparagraph shall not impact access costs as specified in subdivision (b) of Section 69435.

(ii) This subparagraph shall become inoperative on July 1, 2013.

(G) For purposes of the 2012–13 academic year, and every academic year thereafter, an otherwise qualifying institution with a graduation rate of 30 percent or less for students taking 150 percent or less of the expected time to complete degree requirements, as reported by the United States Department of Education and as certified by the commission pursuant to subparagraph (A), shall be ineligible for initial and renewal Cal Grant awards at the institution, except as provided for in subparagraphs (F) and (I).

(H) Notwithstanding any other law, the requirements of this paragraph shall not apply to institutions with 40 percent or less of undergraduate students borrowing federal student loans, using information reported to the United States Department of Education for the academic year two years before the year in which the commission is certifying the three-year cohort default rate or graduation rate pursuant to subparagraph (A).

(I) Notwithstanding subparagraph (G), an otherwise qualifying institution with a three-year cohort default rate that is less than 10 percent and a graduation rate above 20 percent for students taking 150 percent or less of the expected time to complete degree requirements, as certified by the commission pursuant to subparagraph (A), shall remain eligible for initial and renewal Cal Grant awards at the institution through the 2016–17 academic year.

(J) The commission shall do all of the following:

(i) Notify initial Cal Grant recipients seeking to attend, or attending, an institution that is ineligible for initial and renewal Cal Grant awards under subparagraph (C) or (G) that the institution is ineligible for initial Cal Grant awards for the academic year for which the student received an initial Cal Grant award.

(ii) Notify renewal Cal Grant recipients attending an institution that is ineligible for initial and renewal Cal Grant awards at the institution under subparagraph (C) or (G) that the student's Cal Grant award will be reduced by 20 percent, or eliminated, as appropriate, if the student attends the ineligible institution in an academic year in which the institution is ineligible.

(iii) Provide initial and renewal Cal Grant recipients seeking to attend, or attending, an institution that is ineligible for initial and renewal Cal Grant awards at the institution under subparagraph (C) or (G) with a complete list of all California postsecondary educational institutions at which the student would be eligible to receive an unreduced Cal Grant award.

(K) By January 1, 2013, the Legislative Analyst shall submit to the Legislature a report on the implementation of this paragraph. The report shall be prepared in consultation with the commission, and shall include policy recommendations for appropriate measures of default risk and other direct or indirect measures of quality or effectiveness in educational institutions participating in the Cal Grant Program, and appropriate scores for those measures. It is the intent of the Legislature that appropriate policy and fiscal committees review the requirements of this paragraph and consider changes thereto.

(m) “Satisfactory academic progress” means those criteria required by applicable federal standards published in Title 34 of the Code of Federal Regulations. The commission may adopt regulations defining “satisfactory academic progress” in a manner that is consistent with those federal standards.

SEC. 62. Section 69433.5 of the Education Code is amended to read:

69433.5. (a) Only a resident of California, as determined by the commission pursuant to Part 41 (commencing with Section 68000), is eligible for an initial Cal Grant award. The recipient shall remain eligible for award renewal only if he or she is a California resident, in attendance, and making satisfactory academic progress at a qualifying institution, as determined by the commission.

(b) A part-time student shall not be discriminated against in the selection of Cal Grant Program award recipients, and an award to a part-time student shall be approximately proportional to the time the student spends in the instructional program, as determined by the commission. A first-time Cal Grant Program award recipient who is a part-time student shall be eligible for a full-time renewal award if he or she becomes a full-time student.

(c) Cal Grant Program awards shall be awarded without regard to race, religion, creed, sex, sexual orientation, gender identity, gender expression, or age.

(d) An applicant shall not receive more than one type of Cal Grant Program award concurrently. An applicant shall not:

(1) Receive one or a combination of Cal Grant Program awards in excess of the amount equivalent to the award level for a total of four years of full-time attendance in an undergraduate program, except as provided in Section 69433.6.

(2) Have obtained a baccalaureate degree before receiving a Cal Grant Program award.

(e) A Cal Grant Program award, except as provided in Section 69440, may only be used for educational expenses of a program of study leading directly to an undergraduate degree or certificate, or for expenses of undergraduate coursework in a program of study leading directly to a first professional degree, but for which no baccalaureate degree is awarded.

(f) The commission shall, for students who accelerate college attendance, increase the amount of award proportional to the period of additional attendance resulting from attendance in classes that fulfill requirements or electives for graduation during summer terms, sessions, or quarters. In the aggregate, the total amount a student may receive in a four-year period may not be increased as a result of accelerating his or her progress to a degree by attending summer terms, sessions, or quarters.

(g) The commission shall notify Cal Grant award recipients of the availability of funding for the summer term, session, or quarter through prominent notice in financial aid award letters, materials, guides, electronic information, and other means that may include, but not necessarily be limited to, surveys, newspaper articles, or attachments to communications from the commission and any other published documents.

(h) The commission may require, by the adoption of rules and regulations, the production of reports, accounting, documents, or other necessary statements from the award recipient and the college or university of attendance pertaining to the use or application of the award.

(i) A Cal Grant Program award may be utilized only at a qualifying institution.

(j) A recipient who initially qualified for both a Cal Grant A award and a Cal Grant B award, and received a Cal Grant B award, may be awarded a renewal Cal Grant A award if that recipient subsequently became ineligible for a renewal Cal Grant B award

and meets the applicable Cal Grant A financial need and income and asset criteria.

SEC. 63. Section 69436 of the Education Code is amended to read:

69436. (a) A student who was not awarded a Cal Grant A or B award pursuant to Article 2 (commencing with Section 69434) or Article 3 (commencing with Section 69435) at the time of his or her high school graduation but, at the time of transfer from a California community college to a qualifying baccalaureate program, meets all of the criteria set forth in subdivision (b), shall be entitled to a Cal Grant A or B award.

(b) Any California resident transferring from a California community college to a qualifying institution that offers a baccalaureate degree is entitled to receive, and the commission, or a qualifying institution pursuant to Article 8 (commencing with Section 69450), shall award, a Cal Grant A or B award depending on the eligibility determined pursuant to subdivision (c), if all of the following criteria are met:

(1) A complete official financial aid application has been submitted or postmarked pursuant to Section 69432.9, no later than the March 2 of the year immediately preceding the award year.

(2) The student demonstrates financial need pursuant to Section 69433.

(3) The student has earned a community college grade point average of at least 2.4 on a 4.0 scale and is eligible to transfer to a qualifying institution that offers a baccalaureate degree.

(4) The student's household has an income and asset level not exceeding the limits set forth in Section 69432.7.

(5) The student is pursuing a baccalaureate degree that is offered by a qualifying institution.

(6) He or she is enrolled at least part time.

(7) The student meets the general Cal Grant eligibility requirements set forth in Article 1 (commencing with Section 69430).

(8) The student will not be 28 years of age or older by December 31 of the award year.

(9) The student graduated from a California high school or its equivalent during or after the 2000–01 academic year.

(10) (A) Except as provided for in subparagraph (B), the student attended a California community college in the academic year immediately preceding the academic year for which the award will be used.

(B) A student otherwise eligible to receive an award pursuant to this section, who attended a California community college in the 2011–12 academic year, may use the award for the 2012–13 and 2013–14 academic years.

(c) The amount and type of the award pursuant to this article shall be determined as follows:

(1) For applicants with income and assets at or under the Cal Grant A limits, the award amount shall be the amount established pursuant to Article 2 (commencing with Section 69434).

(2) For applicants with income and assets at or under the Cal Grant B limits, the award amount shall be the amount established pursuant to Article 3 (commencing with Section 69435).

(d) (1) A student meeting the requirements of paragraph (9) of subdivision (b) by means of high school graduation, rather than its equivalent, shall be required to have graduated from a California high school, unless that California resident graduated from a high school outside of California due solely to orders received from a branch of the United States Armed Forces by that student or by that student's parent or guardian that required that student to be outside of California at the time of high school graduation.

(2) For the purposes of this article, both of the following are exempt from the requirements of subdivision (e) of Section 69433.9 and paragraph (9) of subdivision (b) of this section:

(A) A student for whom a claim under this article was paid prior to December 1, 2005.

(B) A student for whom a claim under this article for the 2004–05 award year or the 2005–06 award year was or is paid on or after December 1, 2005, but no later than October 15, 2006.

(3) (A) The commission, or a qualifying institution pursuant to Article 8 (commencing with Section 69450), shall make preliminary awards to all applicants currently eligible for an award under this article. At the time an applicant receives a preliminary award, the commission, or a qualifying institution pursuant to Article 8 (commencing with Section 69450), shall require that applicant to affirm, in writing, under penalty of perjury, that he or she meets the requirements set forth in subdivision (e) of Section

69433.9, paragraph (9) of subdivision (b) of this section, and paragraph (1) of this subdivision. The commission, or a qualifying institution pursuant to Article 8 (commencing with Section 69450), shall notify each person who receives a preliminary award under this paragraph that his or her award is subject to an audit pursuant to subparagraph (B).

(B) The commission shall select, at random, a minimum of 10 percent of the new and renewal awards made under subparagraph (A), and shall require, prior to the disbursement of Cal Grant funds to the affected postsecondary institution, that the institution verify that the recipient meets the requirements of subdivision (e) of Section 69433.9, paragraph (9) of subdivision (b) of this section, and paragraph (1) of this subdivision. An award that is audited under this paragraph and found to be valid shall not be subject to a subsequent audit.

(C) Pursuant to Section 69517.5, the commission shall seek repayment of any and all funds found to be improperly disbursed under this article.

(D) On or before November 1 of each year, the commission shall submit a report to the Legislature and the Governor including, but not necessarily limited to, both of the following:

(i) The number of awards made under this article in the preceding 12 months.

(ii) The number of new and renewal awards selected, in the preceding 12 months, for verification under subparagraph (B), and the results of that verification with respect to students at the University of California, at the California State University, at independent nonprofit institutions, and at independent for-profit institutions.

SEC. 64. Section 69999.6 of the Education Code is amended to read:

69999.6. (a) In enacting this article, it is the intent of the Legislature to accomplish all of the following:

(1) Provide explicit authority to the board to continue to administer accounts for, and make awards to, persons who qualified for awards under the provisions of the Governor's Scholarship Programs as those provisions existed on January 1, 2003, prior to the repeal of former Article 20 (commencing with Section 69995).

(2) Provide for the management and disbursement of funds previously set aside for the scholarship programs authorized by former Article 20 (commencing with Section 69995).

(3) Provide a guarantee should additional funds be needed to cover awards authorized and made pursuant to former Article 20 (commencing with Section 69995).

(b) The board may manage and disburse the funds previously set aside for the scholarship programs authorized by former Article 20 (commencing with Section 69995).

(c) If a person has earned an award under the Governor's Scholarship Programs on or before January 1, 2003, but has not claimed the award on or before June 30, 2004, he or she still may claim the award by a date that is five years from the first June 30 that fell after he or she took the qualifying test. An award shall not be made by the board after that date.

(d) The board shall negotiate with the current manager of the Governor's Scholarship Programs and execute an amended or new management and funding agreement, before January 1, 2013, which shall include, but not be limited to, all of the following:

(1) Terms providing for the return to the General Fund by no later than January 1, 2013, of moneys appropriated to the Governor's Scholarship Programs that are not anticipated to be needed to make awards pursuant to paragraphs (1) and (2) of subdivision (a).

(2) Provisions that authorize the board to pay agreed-upon early withdrawal penalties or fees.

(3) Terms that extend the final date upon which the board may withdraw funds for a person who earned an award under the Governor's Scholarship Programs.

(e) (1) If funds retained in the Golden State Scholarshare Trust after January 1, 2013, are insufficient to cover the remaining withdrawal requests, it is the intent of the Legislature to appropriate the necessary funds to the Golden State Scholarshare Trust for the purpose of funding individual beneficiary accounts.

(2) The board shall notify the Department of Finance and the Legislature no later than 10 working days after determining that a shortfall in available funding described in paragraph (1) will occur.

(f) The board may adopt rules and regulations for the implementation of this article.

SEC. 65. Section 76140 of the Education Code is amended to read:

76140. (a) A community college district may admit and shall charge a tuition fee to nonresident students. The district may exempt from all or parts of the fee any person described in paragraph (1), (2), or (3):

(1) All nonresidents who enroll for six or fewer units. Exemptions made pursuant to this paragraph shall not be made on an individual basis.

(2) Any nonresident who is both a citizen and resident of a foreign country, if the nonresident has demonstrated a financial need for the exemption. Not more than 10 percent of the nonresident foreign students attending any community college district may be so exempted. Exemptions made pursuant to this paragraph may be made on an individual basis.

(3) (A) A student who, as of August 29, 2005, was enrolled, or admitted with an intention to enroll, in the fall term of the 2005–06 academic year in a regionally accredited institution of higher education in Alabama, Louisiana, or Mississippi, and who could not continue his or her attendance at that institution as a direct consequence of damage sustained by that institution as a result of Hurricane Katrina.

(B) The chancellor shall develop guidelines for the implementation of this paragraph. These guidelines shall include standards for appropriate documentation of student eligibility to the extent feasible.

(C) This paragraph shall apply only to the 2005–06 academic year.

(b) A district may contract with a state, a county contiguous to California, the federal government, or a foreign country, or an agency thereof, for payment of all or a part of a nonresident student's tuition fee.

(c) Nonresident students shall not be reported as full-time equivalent students (FTES) for state apportionment purposes, except as provided by subdivision (j) or another statute, in which case a nonresident tuition fee may not be charged.

(d) The nonresident tuition fee shall be set by the governing board of each community college district not later than February 1 of each year for the succeeding fiscal year. The governing board of each community college district shall provide nonresident

students with notice of nonresident tuition fee changes during the spring term before the fall term in which the change will take effect. Nonresident tuition fee increases shall be gradual, moderate, and predictable. The fee may be paid in installments, as determined by the governing board of the district.

(e) (1) The fee established by the governing board pursuant to subdivision (d) shall represent for nonresident students enrolled in 30 semester units or 45 quarter units of credit per fiscal year one or more of the following:

(A) The amount that was expended by the district for the expense of education as defined by the California Community College Budget and Accounting Manual in the preceding fiscal year increased by the projected percent increase in the United States Consumer Price Index as determined by the Department of Finance for the current fiscal year and succeeding fiscal year and divided by the FTES (including nonresident students) attending in the district in the preceding fiscal year. However, if for the district's preceding fiscal year FTES of all students attending in the district in noncredit courses is equal to, or greater than, 10 percent of the district's total FTES attending in the district, the district may substitute the data for expense of education in grades 13 and 14 and FTES in grades 13 and 14 attending in the district.

(B) The expense of education in the preceding fiscal year of all districts increased by the projected percent increase in the United States Consumer Price Index as determined by the Department of Finance for the fiscal year and succeeding fiscal year and divided by the FTES (including nonresident students) attending all districts during the preceding fiscal year. However, if the amount calculated under this paragraph for the succeeding fiscal year is less than the amount established for the current fiscal year or for any of the past four fiscal years, the district may set the nonresident tuition fee at the greater of the current or any of the past four-year amounts.

(C) An amount not to exceed the fee established by the governing board of any contiguous district.

(D) An amount not to exceed the amount that was expended by the district for the expense of education, but in no case less than the statewide average as set forth in subparagraph (B).

(E) An amount no greater than the average of the nonresident tuition fees of public community colleges of no less than 12 states that are comparable to California in cost of living. The

determination of comparable states shall be based on a composite cost-of-living index as determined by the United States Department of Labor or a cooperating government agency.

(2) The additional revenue generated by the increased nonresident tuition permitted under the amendments made to this subdivision during the 2009–10 Regular Session shall be used to expand and enhance services to resident students. In no event shall the admission of nonresident students come at the expense of resident enrollment.

(f) The governing board of each community college district also shall adopt a tuition fee per unit of credit for nonresident students enrolled in more or less than 15 units of credit per term by dividing the fee determined in subdivision (e) by 30 for colleges operating on the semester system and 45 for colleges operating on the quarter system and rounding to the nearest whole dollar. The same rate shall be uniformly charged nonresident students attending any terms or sessions maintained by the community college. The rate charged shall be the rate established for the fiscal year in which the term or session ends.

(g) Any loss in district revenue generated by the nonresident tuition fee shall not be offset by additional state funding.

(h) Any district that has fewer than 1,500 FTES and whose boundary is within 10 miles of another state that has a reciprocity agreement with California governing student attendance and fees may exempt students from that state from the mandatory fee requirement described in subdivision (a) for nonresident students.

(i) Any district that has more than 1,500, but less than 3,001, FTES and whose boundary is within 10 miles of another state that has a reciprocity agreement with California governing student attendance and fees may, in any one fiscal year, exempt up to 100 FTES from that state from the mandatory fee requirement described in subdivision (a) for nonresident students.

(j) The attendance of nonresident students who are exempted pursuant to subdivision (h) or (i), or pursuant to paragraph (3) of subdivision (a), from the mandatory fee requirement described in subdivision (a) for nonresident students may be reported as resident FTES for state apportionment purposes. Any nonresident student reported as resident FTES for state apportionment purposes pursuant to subdivision (h) or (i) shall pay a per unit fee that is two times the amount of the fee established for residents pursuant

to Section 76300. That fee is to be included in the FTES adjustments described in Section 76330 for purposes of computing apportionments.

(k) This section shall remain operative only until June 30, 2013, and as of January 1, 2014, is repealed, unless a later enacted statute, that is enacted before January 1, 2014, deletes or extends that date.

SEC. 66. Section 76140 is added to the Education Code, to read:

76140. (a) A community college district may admit and shall charge a tuition fee to nonresident students. The district may exempt from all or parts of the fee any person described in paragraph (1), (2), or (3):

(1) All nonresidents who enroll for six or fewer units. Exemptions made pursuant to this paragraph shall not be made on an individual basis.

(2) Any nonresident who is both a citizen and resident of a foreign country, if the nonresident has demonstrated a financial need for the exemption. Not more than 10 percent of the nonresident foreign students attending any community college district may be so exempted. Exemptions made pursuant to this paragraph may be made on an individual basis.

(3) (A) A student who, as of August 29, 2005, was enrolled, or admitted with an intention to enroll, in the fall term of the 2005–06 academic year in a regionally accredited institution of higher education in Alabama, Louisiana, or Mississippi, and who could not continue his or her attendance at that institution as a direct consequence of damage sustained by that institution as a result of Hurricane Katrina.

(B) The chancellor shall develop guidelines for the implementation of this paragraph. These guidelines shall include standards for appropriate documentation of student eligibility to the extent feasible.

(C) This paragraph shall apply only to the 2005–06 academic year.

(b) A district may contract with a state, a county contiguous to California, the federal government, or a foreign country, or an agency thereof, for payment of all or a part of a nonresident student's tuition fee.

(c) Nonresident students shall not be reported as full-time equivalent students (FTES) for state apportionment purposes,

except as provided by subdivision (j) or another statute, in which case a nonresident tuition fee may not be charged.

(d) The nonresident tuition fee shall be set by the governing board of each community college district not later than February 1 of each year for the succeeding fiscal year. The governing board of each community college district shall provide nonresident students with notice of nonresident tuition fee changes during the spring term before the fall term in which the change will take effect. Nonresident tuition fee increases shall be gradual, moderate, and predictable. The fee may be paid in installments, as determined by the governing board of the district.

(e) (1) The fee established by the governing board pursuant to subdivision (d) shall represent for nonresident students enrolled in 30 semester units or 45 quarter units of credit per fiscal year one or more of the following:

(A) The amount that was expended by the district for the expense of education as defined by the California Community College Budget and Accounting Manual in the preceding fiscal year increased by the projected percent increase in the United States Consumer Price Index as determined by the Department of Finance for the current fiscal year and succeeding fiscal year and divided by the FTES (including nonresident students) attending in the district in the preceding fiscal year. However, if for the district's preceding fiscal year FTES of all students attending in the district in noncredit courses is equal to, or greater than, 10 percent of the district's total FTES attending in the district, the district may substitute the data for expense of education in grades 13 and 14 and FTES in grades 13 and 14 attending in the district.

(B) The expense of education in the preceding fiscal year of all districts increased by the projected percent increase in the United States Consumer Price Index as determined by the Department of Finance for the fiscal year and succeeding fiscal year and divided by the FTES (including nonresident students) attending all districts during the preceding fiscal year. However, if the amount calculated under this paragraph for the succeeding fiscal year is less than the amount established for the current fiscal year or for any of the past four fiscal years, the district may set the nonresident tuition fee at the greater of the current or any of the past four-year amounts.

(C) An amount not to exceed the fee established by the governing board of any contiguous district.

(D) An amount not to exceed the amount that was expended by the district for the expense of education, but in no case less than the statewide average as set forth in subparagraph (B).

(E) An amount no greater than the average of the nonresident tuition fees of public community colleges of no less than 12 states that are comparable to California in cost of living. The determination of comparable states shall be based on a composite cost-of-living index as determined by the United States Department of Labor or a cooperating government agency.

(2) The additional revenue generated by the increased nonresident tuition permitted under the amendments made to this subdivision during the 2009–10 Regular Session shall be used to expand and enhance services to resident students. In no event shall the admission of nonresident students come at the expense of resident enrollment.

(f) The governing board of each community college district also shall adopt a tuition fee per unit of credit for nonresident students enrolled in more or less than 15 units of credit per term by dividing the fee determined in subdivision (e) by 30 for colleges operating on the semester system and 45 for colleges operating on the quarter system and rounding to the nearest whole dollar. The same rate shall be uniformly charged nonresident students attending any terms or sessions maintained by the community college. The rate charged shall be the rate established for the fiscal year in which the term or session ends.

(g) Any loss in district revenue generated by the nonresident tuition fee shall not be offset by additional state funding.

(h) Any district that has fewer than 1,500 FTES and whose boundary is within 10 miles of another state that has a reciprocity agreement with California governing student attendance and fees may exempt students from that state from the mandatory fee requirement described in subdivision (a) for nonresident students.

(i) Any district that has more than 1,500, but less than 3,001, FTES and whose boundary is within 10 miles of another state that has a reciprocity agreement with California governing student attendance and fees may, in any one fiscal year, exempt up to 100 FTES from that state from the mandatory fee requirement described in subdivision (a) for nonresident students.

(j) The attendance of nonresident students who are exempted pursuant to subdivision (h) or (i), or pursuant to paragraph (3) of

subdivision (a), from the mandatory fee requirement described in subdivision (a) for nonresident students may be reported as resident FTES for state apportionment purposes. Any nonresident student reported as resident FTES for state apportionment purposes pursuant to subdivision (h) or (i) shall pay a per unit fee that is three times the amount of the fee established for residents pursuant to Section 76300. That fee is to be included in the FTES adjustments described in Section 76330 for purposes of computing apportionments.

(k) This section shall become operative on July 1, 2013.

SEC. 67. Section 84321.6 of the Education Code is amended to read:

84321.6. (a) Notwithstanding any other law that governs the regulations adopted by the Chancellor of the California Community Colleges to disburse funds, the payment of apportionments to community college districts pursuant to Sections 84320 and 84321 shall be adjusted, commencing with the 2011–12 fiscal year, by the following:

(1) For the month of June, two hundred twenty-one million five hundred thousand dollars (\$221,500,000) shall be deferred to July.

(2) For the month of May, one hundred twenty-four million five hundred thousand dollars (\$124,500,000) shall be deferred, of which one hundred three million dollars (\$103,000,000) shall be deferred to July and twenty-one million five hundred thousand dollars (\$21,500,000) shall be deferred to October.

(3) For the month of April, one hundred seventy-nine million five hundred thousand dollars (\$179,500,000) shall be deferred, of which one hundred fifty-eight million dollars (\$158,000,000) shall be deferred to July and twenty-one million five hundred thousand dollars (\$21,500,000) shall be deferred to October.

(4) For the month of March, one hundred nineteen million five hundred thousand dollars (\$119,500,000) shall be deferred, of which seventy-six million five hundred thousand dollars (\$76,500,000) shall be deferred to July and forty-three million dollars (\$43,000,000) shall be deferred to October.

(5) For the month of February, one hundred fifty-eight million dollars (\$158,000,000) shall be deferred, of which one hundred thirty-six million five hundred thousand dollars (\$136,500,000) shall be deferred to July and twenty-one million five hundred thousand dollars (\$21,500,000) shall be deferred to October.

(6) For the month of January, one hundred fifty-eight million dollars (\$158,000,000) shall be deferred, of which one hundred thirty-six million five hundred thousand dollars (\$136,500,000) shall be deferred to July and twenty-one million five hundred thousand dollars (\$21,500,000) shall be deferred to October.

(b) The sum of nine hundred sixty-one million dollars (\$961,000,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges for apportionments to community college districts, for expenditure during the 2012–13 fiscal year, to be expended in accordance with Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2011.

(c) Of the funds appropriated in subdivision (b), eight hundred thirty-two million dollars (\$832,000,000) shall be allocated in July of the 2012–13 fiscal year and one hundred twenty-nine million dollars (\$129,000,000) shall be allocated in October in satisfaction of the moneys deferred pursuant to subdivision (a).

(d) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (b) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the 2012–13 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for the 2012–13 fiscal year.

(e) This section shall become inoperative on December 15, 2012, and, as of January 1, 2013, is repealed.

SEC. 68. Section 84321.6 is added to the Education Code, to read:

84321.6. (a) Notwithstanding any other law that governs the regulations adopted by the Chancellor of the California Community Colleges to disburse funds, the payment of apportionments to community college districts pursuant to Sections 84320 and 84321 shall be adjusted by the following:

(1) For the month of January, one hundred twenty-six million ninety-four thousand dollars (\$126,094,000) shall be deferred to July.

(2) For the month of February, one hundred thirty-five million dollars (\$135,000,000) shall be deferred to July.

(3) For the month of March, one hundred thirty-five million dollars (\$135,000,000) shall be deferred to July.

(4) For the month of April, one hundred thirty-five million dollars (\$135,000,000) shall be deferred to July.

(5) For the month of May, one hundred thirty-five million dollars (\$135,000,000) shall be deferred to July.

(6) For the month of June, one hundred thirty-five million dollars (\$135,000,000) shall be deferred to July.

(b) In satisfaction of the moneys deferred pursuant to subdivision (a), the sum of eight hundred one million ninety-four thousand dollars (\$801,094,000) is hereby appropriated in July of the 2013–14 fiscal year from the General Fund to the Board of Governors of the California Community Colleges for apportionments to community college districts, for expenditure during the 2013–14 fiscal year, to be expended in accordance with Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2012.

(c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (b) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the 2013–14 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for the 2013–14 fiscal year.

(d) This section shall not become operative until December 15, 2012, and shall become operative only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12–0009) is approved by the voters at the November 6, 2012, statewide general election, and all of the provisions of that act that modify personal income tax rates become operative. If the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12–0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes, this section shall not become operative and shall be repealed on January 1, 2013.

SEC. 69. Section 84321.6 is added to the Education Code, to read:

84321.6. (a) Notwithstanding any other law that governs the regulations adopted by the Chancellor of the California Community Colleges to disburse funds, the payment of apportionments to community college districts pursuant to Sections 84320 and 84321 shall be adjusted by the following:

(1) For the month of January, one hundred forty million dollars (\$140,000,000) shall be deferred to July.

(2) For the month of February, one hundred forty million dollars (\$140,000,000) shall be deferred to July.

(3) For the month of March, one hundred forty million dollars (\$140,000,000) shall be deferred to July.

(4) For the month of April, one hundred sixty million dollars (\$160,000,000) shall be deferred to July.

(5) For the month of May, one hundred eighty million dollars (\$180,000,000) shall be deferred to July.

(6) For the month of June, two hundred one million dollars (\$201,000,000) shall be deferred, of which seventy-two million dollars (\$72,000,000) shall be deferred to July and one hundred twenty-nine million dollars (\$129,000,000) shall be deferred to October.

(b) The sum of nine hundred sixty-one million dollars (\$961,000,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges for apportionments to community college districts, for expenditure during the 2013–14 fiscal year, to be expended in accordance with Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2012.

(c) Of the funds appropriated in subdivision (b), eight hundred thirty-two million dollars (\$832,000,000) shall be allocated in July of the 2013–14 fiscal year and one hundred twenty-nine million dollars (\$129,000,000) shall be allocated in October of that fiscal year in satisfaction of the moneys deferred pursuant to subdivision (a).

(d) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (b) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the

2013–14 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for the 2013–14 fiscal year.

(e) This section shall not become operative until December 15, 2012, and shall become operative only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes. If the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is approved by the voters at the November 6, 2012, statewide general election, and all of the provisions of that act that modify personal income tax rates become operative, this section shall not become operative and shall be repealed on January 1, 2013.

SEC. 70. Section 7906 of the Government Code is amended to read:

7906. For school districts:

(a) “ADA” means a school district’s second principal apportionment units of average daily attendance as determined pursuant to Section 42238.5 of the Education Code, including average daily attendance in summer school, regional occupational centers and programs, and apprenticeship programs, and excluding average daily attendance in adult education programs. All other units of average daily attendance including, but not limited to, special day classes for special education pupils, shall be included.

(1) For purposes of this subdivision, the average daily attendance of summer school programs shall be determined pursuant to subparagraph (F) of paragraph (1) of subdivision (a) of Section 14022.5 of the Education Code.

(2) For purposes of this subdivision, the average daily attendance of apprenticeship programs shall be determined pursuant to subparagraph (D) of paragraph (1) of subdivision (a) of Section 14022.5 of the Education Code.

(3) For the 2008–09, 2009–10, 2010–11, 2011–12, 2012–13, 2013–14, and 2014–15 fiscal years, the average daily attendance

of public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, or any part thereof, shall include the same amount of average daily attendance for classes for supplemental instruction and regional occupational centers and programs that was used for purposes of this section for the 2007–08 fiscal year.

(b) “Foundation program level” means:

(1) For the 1978–79 fiscal year, one thousand two hundred forty-one dollars (\$1,241) for elementary school districts, one thousand three hundred twenty-two dollars (\$1,322) for unified school districts, and one thousand four hundred twenty-seven dollars (\$1,427) for high school districts.

(2) For the 1979–80 fiscal year to the 1986–87 fiscal year, inclusive, the levels specified in paragraph (1) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(3) For the 1986–87 fiscal year, the levels specified in paragraph (2) increased by one hundred eighty dollars (\$180) for elementary school districts, one hundred ninety-one dollars (\$191) for unified school districts, and two hundred seven dollars (\$207) for high school districts.

(4) For the 1987–88 fiscal year, the levels specified in paragraph (3) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(5) For the 1988–89 fiscal year and each fiscal year thereafter, the foundation program level shall be the appropriations limit of the school district for the current fiscal year, plus amounts paid for any nonreimbursed court or federal mandates imposed on or after November 6, 1979, less the sum of the following:

(A) Interest earned on the proceeds of taxes during the current fiscal year.

(B) The 50 percent of miscellaneous funds received during the current fiscal year that are from the proceeds of taxes.

(C) Locally voted taxes received during the current fiscal year, such as parcel taxes or square foot taxes, unless for voter-approved bonded debt.

(D) Any other local proceeds of taxes received during the current fiscal year, other than local taxes which count towards the revenue

limit, such as excess bond revenues transferred to a district's general fund pursuant to Section 15234 of the Education Code.

(c) "Proceeds of taxes" shall be deemed to include subventions received from the state only if those subventions are for one of the following two purposes:

(1) Basic aid subventions of one hundred twenty dollars (\$120) per ADA.

(2) Additional apportionments that, when added to the district's local revenues as defined in Section 42238 of the Education Code, do not exceed the foundation program level for that district. In no case shall subventions received from the state for reimbursement of state mandates in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or of Section 17561 or for reimbursement of court or federal mandates imposed on or after November 6, 1979, be considered "proceeds of taxes" for purposes of this section.

(d) Proceeds of taxes for a fiscal year shall not include any proceeds of taxes within the district's beginning balance or reserve, unless those funds were not appropriated in a prior fiscal year. Funds that were appropriated to a reserve or other fund referenced in Section 5 of Article XIII B of the California Constitution shall be deemed to be appropriated for the purpose of this paragraph.

(e) The remainder of the state apportionments, including special purpose apportionments and categorical aid subventions shall not be considered proceeds of taxes for a school district.

(f) Each school district shall report to the Superintendent of Public Instruction and to the Director of Finance at least annually its appropriations limit, its appropriations subject to limitation, the amount of its state aid apportionments and subventions included within the proceeds of taxes of the school district, and amounts excluded from its appropriations limit, at a time and in a manner prescribed by the Superintendent of Public Instruction and approved by the Director of Finance.

(g) For the 1988–89 fiscal year and each fiscal year thereafter, nothing in paragraph (2) of subdivision (c) shall be so construed as to require that the amount determined pursuant to subdivision (b) be multiplied by the amount determined pursuant to subdivision (a) for purposes of determining the amount of state aid included in school district "proceeds of taxes" for purposes of this section.

SEC. 71. Section 17581.6 is added to the Government Code, to read:

17581.6. (a) Commencing with the 2012–13 fiscal year, funds provided in Item 6110-296-0001 of Section 2.00 of the annual Budget Act shall be allocated as block grants to school districts, charter schools, and county offices of education to support all of the mandated programs described in subdivision (d).

(b) (1) Notwithstanding any other law, each fiscal year a school district or county office of education may receive funding for the performance of the mandated activities listed in subdivision (d) either through the block grant established pursuant to this section or by claiming reimbursement pursuant to Section 17560. A school district or county office of education that claims reimbursement for any mandated activities pursuant to Section 17560 for mandated costs incurred during a fiscal year shall not be eligible for funding pursuant to this section for the same fiscal year.

(2) A school district and county office of education that elects to receive block grant funding instead of seeking reimbursement pursuant to Section 17560 shall, and any charter school that elects to receive block grant funding shall, submit a letter of intent to the Superintendent of Public Instruction on or before September 30 of each year requesting block grant funding pursuant to this section. The Superintendent shall distribute funding provided pursuant to subdivision (a) to school districts, charter schools, and county offices of education pursuant to the rates set forth in Item 6110-296-0001 of Section 2.00 of the annual Budget Act. Funding distributed pursuant to this section is in lieu of reimbursement pursuant to Section 6 of Article XIII B of the California Constitution for the performance of all activities specified in subdivision (d) as those activities pertain to school districts and county offices of education. A school district, county office of education, or charter school that submits a letter of intent and receives block grant funding pursuant to this section shall not also be eligible to submit a claim for reimbursement of costs incurred for a mandated program set forth in subdivision (d) for the fiscal year for which the block grant funding is received.

(c) Block grant funding provided to school districts, charter schools, and county offices of education pursuant to this section is subject to annual audits required by Section 41020 of the Education Code.

(d) Block grant funding provided pursuant to this section to individual school districts, charter schools, and county offices of education is to support all of the following mandated programs:

(1) Absentee Ballots (CSM 3713; Chapter 77 of the Statutes of 1978 and Chapter 1032 of the Statutes of 2002).

(2) Agency Fee Arrangements (00-TC-17 and 01-TC-14; Chapter 893 of the Statutes of 2000 and Chapter 805 of the Statutes of 2001).

(3) AIDS Instruction and AIDS Prevention Instruction (CSM 4422, 99-TC-07, and 00-TC-01; Chapter 818 of the Statutes of 1991; and Chapter 403 of the Statutes of 1998).

(4) California State Teachers' Retirement System Service Credit (02-TC-19; Chapter 603 of the Statutes of 1994; Chapters 383, 634, and 680 of the Statutes of 1996; Chapter 838 of the Statutes of 1997; Chapter 965 of the Statutes of 1998; Chapter 939 of the Statutes of 1999; and Chapter 1021 of the Statutes of 2000).

(5) Caregiver Affidavits (CSM 4497; Chapter 98 of the Statutes of 1994).

(6) Charter Schools I, II, and III (CSM 4437, 99-TC-03, and 99-TC-14; Chapter 781 of the Statutes of 1992; Chapters 34 and 673 of the Statutes of 1998; Chapter 34 of the Statutes of 1998; and Chapter 78 of the Statutes of 1999).

(7) Collective Bargaining (CSM 4425; Chapter 961 of the Statutes of 1975).

(8) Comprehensive School Safety Plans (98-TC-01 and 99-TC-10; Chapter 736 of the Statutes of 1997; Chapter 996 of the Statutes of 1999; and Chapter 828 of the Statutes of 2003).

(9) Consolidation of Annual Parent Notification/Schoolsite Discipline Rules/Alternative Schools (CSM 4488, CSM 4461, 99-TC-09, 00-TC-12, 97-TC-24, CSM 4453, CSM 4474, CSM 4462; Chapter 448 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 975 of the Statutes of 1980; Chapter 469 of the Statutes of 1981; Chapter 459 of the Statutes of 1985; Chapters 87 and 97 of the Statutes of 1986; Chapter 1452 of the Statutes of 1987; Chapters 65 and 1284 of the Statutes of 1988; Chapter 213 of the Statutes of 1989; Chapters 10 and 403 of the Statutes of 1990; Chapter 906 of the Statutes of 1992; Chapter 1296 of the Statutes of 1993; Chapter 929 of the Statutes of 1997; Chapters 846 and 1031 of the Statutes of 1998; Chapter 1 of the Statutes of 1999, First Extraordinary Session; Chapter 73 of the

Statutes of 2000; Chapter 650 of the Statutes of 2003; Chapter 895 of the Statutes of 2004; and Chapter 677 of the Statutes of 2005).

(10) Consolidation of Law Enforcement Agency Notification and Missing Children Reports (CSM 4505; Chapter 1117 of the Statutes of 1989 and 01-TC-09; Chapter 249 of the Statutes of 1986; and Chapter 832 of the Statutes of 1999).

(11) Consolidation of Notification to Teachers: Pupils Subject to Suspension or Expulsion I and II, and Pupil Discipline Records (00-TC-10 and 00-TC-11; Chapter 345 of the Statutes of 2000).

(12) County Office of Education Fiscal Accountability Reporting (97-TC-20; Chapters 917 and 1452 of the Statutes of 1987; Chapters 1461 and 1462 of the Statutes of 1988; Chapter 1372 of the Statutes of 1990; Chapter 1213 of the Statutes of 1991; Chapter 323 of the Statutes of 1992; Chapters 923 and 924 of the Statutes of 1993; Chapters 650 and 1002 of the Statutes of 1994; and Chapter 525 of the Statutes of 1995).

(13) Criminal Background Checks (97-TC-16; Chapters 588 and 589 of the Statutes of 1997).

(14) Criminal Background Checks II (00-TC-05; Chapters 594 and 840 of the Statutes of 1998; and Chapter 78 of the Statutes of 1999).

(15) Differential Pay and Reemployment (99-TC-02; Chapter 30 of the Statutes of 1998).

(16) Financial and Compliance Audits (CSM 4498 and CSM 4498-A; Chapter 36 of the Statutes of 1977).

(17) Habitual Truants (CSM 4487 and CSM 4487-A; Chapter 1184 of the Statutes of 1975).

(18) High School Exit Examination (00-TC-06; Chapter 1 of the Statutes of 1999, First Extraordinary Session; and Chapter 135 of the Statutes of 1999).

(19) Immunization Records (SB 90-120; Chapter 1176 of the Statutes of 1977).

(20) Immunization Records—Hepatitis B (98-TC-05; Chapter 325 of the Statutes of 1978; Chapter 435 of the Statutes of 1979; Chapter 472 of the Statutes of 1982; Chapter 984 of the Statutes of 1991; Chapter 1300 of the Statutes of 1992; Chapter 1172 of the Statutes of 1994; Chapters 291 and 415 of the Statutes of 1995; Chapter 1023 of the Statutes of 1996; and Chapters 855 and 882 of the Statutes of 1997).

(21) Intradistrict Attendance (CSM 4454; Chapters 161 and 915 of the Statutes of 1993).

(22) Juvenile Court Notices II (CSM 4475; Chapters 1011 and 1423 of the Statutes of 1984; Chapter 1019 of the Statutes of 1994; and Chapter 71 of the Statutes of 1995).

(23) Mandate Reimbursement Process I and II (CSM 4204, CSM 4485, and 05-TC-05; Chapter 486 of the Statutes of 1975).

(24) Notification of Truancy (CSM 4133; Chapter 498 of the Statutes of 1983; Chapter 1023 of the Statutes of 1994; and Chapter 19 of the Statutes of 1995).

(25) Open Meetings/Brown Act Reform (CSM 4257 and CSM 4469; Chapter 641 of the Statutes of 1986; and Chapters 1136, 1137, and 1138 of the Statutes of 1993).

(26) Physical Performance Tests (96-365-01; Chapter 975 of the Statutes of 1995).

(27) Prevailing Wage Rate (01-TC-28; Chapter 1249 of the Statutes of 1978).

(28) Pupil Health Screenings (CSM 4440; Chapter 1208 of the Statutes of 1976; Chapter 373 of the Statutes of 1991; and Chapter 750 of the Statutes of 1992).

(29) Pupil Promotion and Retention (98-TC-19; Chapter 100 of the Statutes of 1981; Chapter 1388 of the Statutes of 1982; Chapter 498 of the Statutes of 1983; Chapter 1263 of the Statutes of 1990; and Chapters 742 and 743 of the Statutes of 1998).

(30) Pupil Safety Notices (02-TC-13; Chapter 498 of the Statutes of 1983; Chapter 482 of the Statutes of 1984; Chapter 948 of the Statutes of 1984; Chapter 196 of the Statutes of 1986; Chapter 332 of the Statutes of 1986; Chapter 445 of the Statutes of 1992; Chapter 1317 of the Statutes of 1992; Chapter 589 of the Statutes of 1993; Chapter 1172 of the Statutes of 1994; Chapter 1023 of the Statutes of 1996; and Chapter 492 of the Statutes of 2000).

(31) Pupil Expulsions (CSM 4455; Chapter 1253 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; Chapter 318 of the Statutes of 1982; Chapter 498 of the Statutes of 1983; Chapter 622 of the Statutes of 1984; Chapter 942 of the Statutes of 1987; Chapter 1231 of the Statutes of 1990; Chapter 152 of the Statutes of 1992; Chapters 1255, 1256, and 1257 of the Statutes of 1993; and Chapter 146 of the Statutes of 1994).

(32) Pupil Expulsion Appeals (CSM 4463; Chapter 1253 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; and Chapter 498 of the Statutes of 1983).

(33) Pupil Suspensions (CSM 4456; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; Chapter 73 of the Statutes of 1980; Chapter 498 of the Statutes of 1983; Chapter 856 of the Statutes of 1985; and Chapter 134 of the Statutes of 1987).

(34) School Accountability Report Cards (97-TC-21, 00-TC-09, 00-TC-13, and 02-TC-32; Chapter 918 of the Statutes of 1997; Chapter 912 of the Statutes of 1997; Chapter 824 of the Statutes of 1994; Chapter 1031 of the Statutes of 1993; Chapter 759 of the Statutes of 1992; and Chapter 1463 of the Statutes of 1989).

(35) School District Fiscal Accountability Reporting (97-TC-19; Chapter 100 of the Statutes of 1981; Chapter 185 of the Statutes of 1985; Chapter 1150 of the Statutes of 1986; Chapters 917 and 1452 of the Statutes of 1987; Chapters 1461 and 1462 of the Statutes of 1988; Chapter 525 of the Statutes of 1990; Chapter 1213 of the Statutes of 1991; Chapter 323 of the Statutes of 1992; Chapters 923 and 924 of the Statutes of 1993; Chapters 650 and 1002 of the Statutes of 1994; and Chapter 525 of the Statutes of 1995).

(36) School District Reorganization (98-TC-24; Chapter 1192 of the Statutes of 1980; and Chapter 1186 of the Statutes of 1994).

(37) The Stull Act (98-TC-25; Chapter 498 of the Statutes of 1983; and Chapter 4 of the Statutes of 1999).

(38) Threats Against Peace Officers (CSM 96-365-02; Chapter 1249 of the Statutes of 1992; and Chapter 666 of the Statutes of 1995).

(e) The Superintendent of Public Instruction shall compile a list of all school districts, charter schools, and county offices of education that received block grant funding in the prior fiscal year pursuant to this section. This list shall include the total amount each school district, charter school, and county office of education received. The Superintendent shall provide this information to the appropriate fiscal and policy committees of the Legislature, the Controller, the Department of Finance, and the Legislative Analyst Office on or before September 9 of each year.

SEC. 72. Section 17581.7 is added to the Government Code, to read:

17581.7. (a) Commencing with the 2012–13 fiscal year, funds provided in Item 6870-296-0001 of Section 2.00 of the annual Budget Act shall be allocated as block grants to community college districts to support all of the mandated programs described in subdivision (d).

(b) (1) Notwithstanding any other law, each fiscal year a community college district may receive funding for the performance of mandated activities listed in subdivision (d) either through the block grant established pursuant to this section or by claiming reimbursement pursuant to Section 17560. A community college district that claims reimbursement for any mandated activities pursuant to Section 17560 for mandated costs incurred during a fiscal year shall not be eligible for funding pursuant to this section for the same fiscal year.

(2) A community college district that elects to receive block grant funding instead of seeking reimbursement pursuant to Section 17560 shall submit a letter of intent to the Chancellor of the California Community Colleges on or before September 30 of each year requesting block grant funding pursuant to this section. The chancellor shall distribute funding provided pursuant to subdivision (a) to community colleges pursuant to the rates set forth in Item 6870-296-0001 of Section 2.00 of the annual Budget Act. Funding distributed pursuant to this section is in lieu of reimbursement pursuant to Section 6 of Article XIII B of the California Constitution for the performance of all activities specified in subdivision (d) as those activities pertain to community college districts. A community college district that submits a letter of intent and receives block grant funding pursuant to this section shall not also be eligible to submit a claim for reimbursement of costs incurred for a mandated program set forth in subdivision (d) for the fiscal year for which the block grant funding is received.

(c) Block grant funding provided to community college districts pursuant to this section is subject to annual audits required by Section 84040 of the Education Code.

(d) Block grant funding provided pursuant to this section to individual community college districts is to support all of the following mandated programs:

(1) Absentee Ballots (CSM 3713; Chapter 77 of the Statutes of 1978; and Chapter 1032 of the Statutes of 2002).

(2) Agency Fee Arrangements (00-TC-17 and 01-TC-14; Chapter 893 of the Statutes of 2000; and Chapter 805 of the Statutes of 2001).

(3) Cal Grants (02-TC-28; Chapter 403 of the Statutes of 2000).

(4) California State Teachers Retirement System Service Credit (02-TC-19; Chapter 603 of the Statutes of 1994; Chapters 383, 634, and 680 of the Statutes of 1996; Chapter 838 of the Statutes of 1997; Chapter 965 of the Statutes of 1998; Chapter 939 of the Statutes of 1999; and Chapter 1021 of the Statutes of 2000).

(5) Collective Bargaining (CSM 4425 and 97-TC-08; Chapter 961 of the Statutes of 1975).

(6) Community College Construction (02-TC-47; Chapter 910 of the Statutes of 1980; Chapters 470 and 891 of the Statutes of 1981; Chapter 973 of the Statutes of 1988; Chapter 1372 of the Statutes of 1990; Chapter 1038 of the Statutes of 1991; and Chapter 758 of the Statutes of 1995).

(7) Discrimination Complaint Procedures (02-TC-42 and portions of 02-TC-25 and 02-TC-31; Chapter 1010 of the Statutes of 1976; Chapter 470 of the Statutes of 1981; Chapter 1117 of the Statutes of 1982; Chapter 143 of the Statutes of 1983; Chapter 1371 of the Statutes of 1984; Chapter 973 of the Statutes of 1988; Chapter 1372 of the Statutes of 1990; Chapter 1198 of the Statutes of 1991; Chapter 914 of the Statutes of 1998; Chapter 587 of the Statutes of 1999; and Chapter 1169 of the Statutes of 2002).

(8) Enrollment Fee Collection and Waivers (99-TC-13 and 00-TC-15).

(9) Health Fee Elimination (CSM 4206; Chapter 1 of the Statutes of 1984, Second Extraordinary Session).

(10) Mandate Reimbursement Process I and II (CSM 4204, CSM 4485, and 05-TC-05; Chapter 486 of the Statutes of 1975).

(11) Minimum Conditions for State Aid (02-TC-25 and 02-TC-31; Chapter 802 of the Statutes of 1975; Chapters 275, 783, 1010, and 1176 of the Statutes of 1976; Chapters 36 and 967 of the Statutes of 1977; Chapters 797 and 977 of the Statutes of 1979; Chapter 910 of the Statutes of 1980; Chapters 470 and 891 of the Statutes of 1981; Chapters 1117 and 1329 of the Statutes of 1982; Chapters 143 and 537 of the Statutes of 1983; Chapter 1371 of the Statutes of 1984; Chapter 1467 of the Statutes of 1986; Chapters 973 and 1514 of the Statutes of 1988; Chapters 1372 and 1667 of the Statutes of 1990; Chapters 1038, 1188, and 1198 of the Statutes

of 1991; Chapters 493 and 758 of the Statutes of 1995; Chapters 365, 914, and 1023 of the Statutes of 1998; Chapter 587 of the Statutes of 1999; Chapter 187 of the Statutes of 2000; and Chapter 1169 of the Statutes of 2002).

(12) Open Meetings/Brown Act Reform (CSM 4257 and CSM 4469; Chapter 641 of the Statutes of 1986; and Chapters 1136, 1137, and 1138 of the Statutes of 1993).

(13) Prevailing Wage Rate (01-TC-28; Chapter 1249 of the Statutes of 1978).

(14) Reporting Improper Governmental Activities (02-TC-24; Chapter 416 of the Statutes of 2001; and Chapter 81 of the Statutes of 2002).

(15) Sex Offenders: Disclosure by Law Enforcement Officers (97-TC-15; Chapters 908 and 909 of the Statutes of 1996; Chapters 17, 80, 817, 818, 819, 820, 821, and 822 of the Statutes of 1997; and Chapters 485, 550, 927, 928, 929, and 930 of the Statutes of 1998).

(16) Threats Against Peace Officers (CSM 96-365-02; Chapter 1249 of the Statutes of 1992; and Chapter 666 of the Statutes of 1995).

(17) Tuition Fee Waivers (02-TC-21; Chapter 36 of the Statutes of 1977; Chapter 580 of the Statutes of 1980; Chapter 102 of the Statutes of 1981; Chapter 1070 of the Statutes of 1982; Chapter 753 of the Statutes of 1988; Chapters 424, 900, and 985 of the Statutes 1989; Chapter 1372 of the Statutes of 1990; Chapter 455 of the Statutes of 1991; Chapter 8 of the Statutes of 1993; Chapter 389 of the Statutes of 1995; Chapter 438 of the Statutes of 1997; Chapter 952 of the Statutes of 1998; Chapters 571 and 949 of the Statutes of 2000; Chapter 814 of the Statutes of 2001; and Chapter 450 of the Statutes of 2002).

(e) The Chancellor of the California Community Colleges shall compile a list of all community college districts that received block grant funding in the prior fiscal year pursuant to subdivision (a). This list shall include the total amount each community college district received. The chancellor shall provide this information to the appropriate fiscal and policy committees of the Legislature, the Controller, the Department of Finance, and the Legislative Analyst's Office on or before September 9 of each year.

SEC. 73. Section 53850 of the Government Code is amended to read:

53850. (a) As used in this article, “local agency” means a county, city and county, city, school district of any type, community college district, county board of education, or any other municipal or public corporation or district.

(b) For purposes of this article only, “local agency” also includes a charter school. This subdivision does not make a charter school a local agency for any purpose other than for this article.

SEC. 74. Section 53853 of the Government Code is amended to read:

53853. (a) The note or notes shall be issued pursuant to a resolution adopted by the legislative body of the local agency authorizing the issuance of the note or notes, except that the note or notes of a county board of education, school district, charter school, or community college district that has not been accorded fiscal accountability status pursuant to Section 1080, 42647, 42650, or 85266 of the Education Code shall be issued in the name of the school district, charter school, or community college district by the board of supervisors of the county, the county superintendent of which has jurisdiction over the school district, charter school, or community college district, as soon as possible following receipt of a resolution of the governing board or body of the school district, charter school, or community college district requesting the borrowing and the note or notes of a county board of education shall be issued in the name of the county board of education by the board of supervisors of the county as soon as possible following receipt of a resolution of the county board of education requesting that the county assist in that borrowing. The school district, charter school, community college district, or county board of education that submits that resolution to the county board of supervisors shall simultaneously provide a copy of the resolution to the county superintendent of schools and the county treasurer.

(b) Notwithstanding subdivision (a), if the appropriate county board of supervisors fails to authorize, by resolution, the issuance of a note or notes in the name of a county board of education, school district, charter school, or community college district as specified by that subdivision within 45 calendar days following its receipt of the resolution of the county board of education, the governing board of the school district or community college district, or the governing body of the charter school requesting that issuance, or if the county board of supervisors notifies the county

board of education, school district, charter school, or community college district that it will not authorize that issuance within that 45-day period, then the note or notes may be issued by the county board of education, school district, charter school, or community college district in its name pursuant to the previously adopted resolution. The resolution adopted by the governing board or body of the school district, charter school, or community college district, or by the county board of education, shall not contain direction to the county treasurer for the investment of any proceeds of the note or notes while deposited in the county treasury, but may direct the investment of proceeds of the note or notes held by a trustee and any other amounts held by that trustee or pledged for repayment or security of the note or notes. This subdivision applies only in the case of a note or notes of a county board of education, school district, charter school, or community college district to be issued in conjunction with a note or notes of one or more other county board of education, school district, charter school, or community college district. A county board of supervisors, county treasurer, or county auditor shall not be deemed to have any fiduciary responsibility with regard to any note or notes issued pursuant to this subdivision. This subdivision shall not apply to a county board of education, school district, charter school, or community college district that is under the authority of a trustee as a result of accepting an emergency apportionment.

(c) Notes authorized to be issued may be issued from time to time as provided in the resolution. The resolution of the county board of education, school district, charter school, or community college district shall set forth the form and the manner of execution of the note or notes.

SEC. 75. Section 65995.7 of the Government Code is amended to read:

65995.7. (a) (1) If state funds for new school facility construction are not available, the governing board of a school district that complies with Section 65995.5 may increase the alternative fee, charge, dedication, or other requirement calculated pursuant to subdivision (c) of Section 65995.5 by an amount that may not exceed the amount calculated pursuant to subdivision (c) of Section 65995.5, except that for the purposes of calculating this additional amount, the amount identified in paragraph (2) of subdivision (c) of Section 65995.5 may not be subtracted from the

amount determined pursuant to paragraph (1) of subdivision (c) of Section 65995.5. For purposes of this section, state funds are not available if the State Allocation Board is no longer approving apportionments for new construction pursuant to Article 5 (commencing with Section 17072.20) of Chapter 12.5 of Part 10 of the Education Code due to a lack of funds available for new construction. Upon making a determination that state funds are no longer available, the State Allocation Board shall notify the Secretary of the Senate and the Chief Clerk of the Assembly, in writing, of that determination and the date when state funds are no longer available for publication in the respective journal of each house. For the purposes of making this determination, the board shall not consider whether funds are available for, or whether it is making preliminary apportionments or final apportionments pursuant to, Article 11 (commencing with Section 17078.10).

(2) Paragraph (1) shall become inoperative commencing on the effective date of the measure that amended this section to add this paragraph, and shall remain inoperative through the earlier of either of the following:

(A) November 5, 2002, if the voters reject the Kindergarten University Public Education Facilities Bond Act of 2002, after which date paragraph (1) shall again become operative.

(B) The date of the 2004 direct primary election after which date paragraph (1) shall again become operative.

(3) Paragraph (1) shall become inoperative commencing on the effective date of the measure that amended this section to add this paragraph, and shall remain inoperative through December 31, 2014, after which date paragraph (1) shall again become operative, except that it may become operative sooner in either of the following circumstances:

(A) A statewide school facilities bond passes before December 31, 2014, in which case paragraph (1) shall become operative upon certification of the election in which the voters approved the bond.

(B) A statewide school facilities bond has not been placed on the ballot for the November 4, 2014, statewide general election by August 31, 2014, in which case paragraph (1) shall become operative on September 1, 2014.

(b) A governing board may offer a reimbursement election to the person subject to the fee, charge, dedication, or other requirement that provides the person with the right to monetary

reimbursement of the supplemental amount authorized by this section, to the extent that the district receives funds from state sources for construction of the facilities for which that amount was required, less any amount expended by the district for interim housing. At the option of the person subject to the fee, charge, dedication, or other requirement the reimbursement election may be made on a tract or lot basis. Reimbursement of available funds shall be made within 30 days as they are received by the district.

(c) A governing board may offer the person subject to the fee, charge, dedication, or other requirement an opportunity to negotiate an alternative reimbursement agreement if the terms of the agreement are mutually agreed upon.

(d) A governing board may provide that the rights granted by the reimbursement election or the alternative reimbursement agreement are assignable.

SEC. 76. Item 6110-108-0001 of Section 2.00 of the Budget Act of 2011 is amended to read:

6110-108-0001—For local assistance, Department of Education (Proposition 98), Program 20-Instructional Support, for transfer to Section A of the State School Fund, the Supplemental School Counseling Program, established pursuant to Article 4.5 (commencing with Section 52378) of Chapter 9 of Part 28 of Division 4 of Title 2 of the Education Code..... 208,097,000

Provisions:

1. Of the funds appropriated in this item, \$0 is to reflect a cost-of-living adjustment.
2. The funds appropriated in this item reflect an adjustment to the base funding of 0.0 percent for the annual adjustment in statewide average daily attendance.
3. The amount appropriated in this item shall be reduced pursuant to Section 12.42.

SEC. 77. Item 6110-161-0001 of Section 2.00 of the Budget Act of 2011, as amended by Section 3 of Chapter 135 of the Statutes of 2011, is amended to read:

6110-161-0001—For local assistance, Department of Education (Proposition 98), Program 10.60-Special Education Programs for Exceptional Children..... 2,810,308,000

Schedule:

- (1) 10.60.050.003-Special education instruction..... 2,739,405,000
- (2) 10.60.050.080-Early Education Program for Individuals with Exceptional Needs..... 85,298,000
- (3) Reimbursements for Early Education Program, Part C..... -14,395,000

Provisions:

1. Funds appropriated by this item are for transfer by the Controller to Section A of the State School Fund, in lieu of the amount that otherwise would be appropriated for transfer from the General Fund in the State Treasury to Section A of the State School Fund for the 2011–12 fiscal year pursuant to Sections 14002 and 41301 of the Education Code, for apportionment pursuant to Part 30 (commencing with Section 56000) of Division 4 of Title 2 of the Education Code, superseding all prior law.
2. Of the funds appropriated in Schedule (1), up to \$13,195,000, plus any cost-of-living adjustment, shall be available for the purchase, repair, and inventory maintenance of specialized books, materials, and equipment for pupils with low-incidence disabilities, as defined in Section 56026.5 of the Education Code.
3. Of the funds appropriated in Schedule (1), up to \$10,081,000, plus any cost-of-living adjustment, shall be available for the purposes of vocational training and job placement for special education pupils through Project Workability I pursuant to Article 3 (commencing with Section 56470) of Chapter 4.5 of Part 30 of Division 4 of Title 2 of the Education Code. As a condition of receiving these funds, each local educational agency shall certify that the amount of nonfederal resources, exclusive of funds received pursuant to this provision, devoted to the provision of vocational education for special education pupils shall be main-

tained at or above the level provided in the 1984–85 fiscal year. The Superintendent of Public Instruction may waive this requirement for local educational agencies that demonstrate that the requirement would impose a severe hardship.

4. Of the funds appropriated in Schedule (1), up to \$5,258,000, plus any cost-of-living adjustment (COLA), shall be available for regional occupational centers and programs that serve pupils having disabilities; up to \$88,542,000, plus any COLA, shall be available for regionalized program specialist services; and up to \$2,687,000, plus any COLA, shall be available for small special education local plan areas (SELPAs) pursuant to Section 56836.24 of the Education Code.
5. Of the funds appropriated in Schedule (1), up to \$3,000,000 is provided for extraordinary costs associated with single placements in nonpublic, nonsectarian schools, pursuant to Section 56836.21 of the Education Code. Pursuant to legislation, these funds shall also provide reimbursement for costs associated with pupils residing in licensed children's institutes.
6. Of the funds appropriated in Schedule (1), up to \$179,930,000, plus any cost-of-living adjustment (COLA), is available to fund the costs of children placed in licensed children's institutions who attend nonpublic schools based on the funding formula authorized in Chapter 914 of the Statutes of 2004.
7. Funds available for infant units shall be allocated with the following average number of pupils per unit:
 - (a) For special classes and centers—16.
 - (b) For resource specialist programs—24.
 - (c) For designated instructional services—16.
8. Notwithstanding any other provision of law, early education programs for infants and toddlers shall be offered for 200 days. Funds appropriated in Schedule (2) shall be allocated by the State Department of Education for the 2011–12 fiscal year to those programs receiving allocations for instructional units pursuant to Section 56432 of the Education Code for the Early Education Program for Individuals with Exceptional

Needs operated pursuant to Chapter 4.4 (commencing with Section 56425) of Part 30 of Division 4 of Title 2 of the Education Code, based on computing 200-day entitlements. Notwithstanding any other provision of law, funds in Schedule (2) shall be used only for the purposes specified in Provisions 10 and 11.

9. Notwithstanding any other provision of law, state funds appropriated in Schedule (2) in excess of the amount necessary to fund the deficated entitlements pursuant to Section 56432 of the Education Code and Provision 10 shall be available for allocation by the State Department of Education to local educational agencies for the operation of programs serving solely low-incidence infants and toddlers pursuant to Title 14 (commencing with Section 95000) of the Government Code. These funds shall be allocated to each local educational agency for each solely low-incidence child through age two in excess of the number of solely low-incidence children through age two served by the local educational agency during the 1992–93 fiscal year and reported on the April 1993 pupil count. These funds shall only be allocated if the amount of reimbursement received from the State Department of Developmental Services is insufficient to fully fund the costs of operating the Early Intervention Program, as authorized by Title 14 (commencing with Section 95000) of the Government Code.
10. The State Department of Education, through coordination with the special education local plan areas, shall ensure local interagency coordination and collaboration in the provision of early intervention services, including local training activities, child-find activities, public awareness, and the family resource center activities.
11. Funds appropriated in this item, unless otherwise specified, are available for the sole purpose of funding 2011–12 fiscal year special education program costs and shall not be used to fund any prior year adjustments, claims, or costs.
12. Of the amount provided in Schedule (1), up to \$188,000, plus any cost-of-living adjustment, shall be

available to fully fund the declining enrollment of necessary small special education local plan areas pursuant to Chapter 551 of the Statutes of 2001.

13. Pursuant to Section 56427 of the Education Code, of the funds appropriated in Schedule (1), up to \$2,324,000 may be used to provide funding for infant programs, and may be used for those programs that do not qualify for funding pursuant to Section 56432 of the Education Code.
14. Of the funds appropriated in Schedule (1), up to \$29,478,000 shall be allocated to local educational agencies for the purposes of Project Workability I.
15. Of the funds appropriated in Schedule (1), up to \$1,700,000 shall be used to provide specialized services to pupils with low-incidence disabilities, as defined in Section 56026.5 of the Education Code.
16. Of the funds appropriated in Schedule (1), up to \$1,117,000 shall be used for a personnel development program. This program shall include state-sponsored staff development for special education personnel to have the necessary content knowledge and skills to serve children with disabilities. This funding may include training and services targeting special education teachers and related service personnel that teach core academic or multiple subjects to meet the applicable special education requirements of the Individuals with Disabilities Education Improvement Act of 2004 (20 U.S.C. Sec. 1400 et seq.).
17. Of the funds appropriated in Schedule (1), up to \$200,000 shall be used for research and training in cross-cultural assessments.
18. Of the amount specified in Schedule (1), up to \$31,000,000 shall be available only to provide educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program pursuant to the federal Individuals with Disabilities Education Improvement Act of 2004 (20 U.S.C. Sec. 1400 et seq.). The Superintendent of Public Instruction shall allocate these funds to special education

local plan areas on a one-time basis in the 2011–12 fiscal year based upon an equal rate per pupil using the methodology specified in Section 56836.07 of the Education Code.

19. Of the amount provided in Schedule (1), \$0 is to reflect a cost-of-living adjustment.
20. Of the amount provided in Schedule (2), \$0 is to reflect a cost-of-living adjustment.
21. Of the amount appropriated in this item, up to \$1,480,000 is available for the state's share of costs in the settlement of *Emma C. v. Delaine Eastin, et al.* (N.D. Cal. No. C96-4179TEH). The State Department of Education shall report by January 1, 2012, to the fiscal committees of both houses of the Legislature, the Department of Finance, and the Legislative Analyst's Office on the planned use of the additional special education funds provided to the Ravenswood Elementary School District pursuant to this settlement. The report shall also provide the State Department of Education's best estimate of when this supplemental funding will no longer be required by the court. The State Department of Education shall comply with the requirements of Section 948 of the Government Code in any further request for funds to satisfy this settlement.
22. Of the funds appropriated in this item, up to \$2,500,000 shall be allocated directly to special education local plan areas for a personnel development program that meets the highly qualified teacher requirements and ensures that all personnel necessary to carry out this part are appropriately and adequately prepared, subject to the requirements of paragraph (14) of subdivision (a) of Section 612 of the federal Individuals with Disabilities Education Improvement Act of 2004 (20 U.S.C. Sec. 1400 et seq.) and Section 2122 of the federal Elementary and Secondary Education Act of 1965 (20 U.S.C. Sec. 6301 et seq.). The local in-service programs shall include a parent training component and may include a staff training component, and may include a special education teacher component

for special education service personnel and paraprofessionals, consistent with state certification and licensing requirements. Use of these funds shall be described in the local plans. These funds may be used to provide training in alternative dispute resolution and the local mediation of disputes. All programs are to include evaluation components.

23. Notwithstanding any other provision of law, state funds appropriated in Schedule (1) in excess of the amount necessary to fund the defined entitlement shall be to fulfill other shortages in entitlements budgeted in this schedule by the State Department of Education, upon Department of Finance approval, to any program funded under Schedule (1).
24. The funds appropriated in this item reflect an adjustment to the base funding of 0.23 percent for the annual adjustment in statewide average daily attendance.
25. Of the funds appropriated in Schedule (1), the amount resulting from increases in federal funds reflected in the calculation performed in paragraph (1) of subdivision (c) of Section 56836.08 of the Education Code shall be allocated based on an equal amount per average daily attendance and added to each special education local plan area's base funding, consistent with paragraphs (1) to (4), inclusive, of subdivision (b) of Section 56836.158 of the Education Code. When the final amount is determined, the State Department of Education shall provide this information to the Department of Finance and the budget committees of each house of the Legislature.
26. Of the amount specified in Schedule (1), \$218,786,000 shall be available only to provide educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program pursuant to the federal Individuals with Disabilities Education Improvement Act of 2004 (20 U.S.C. Sec. 1400 et seq.) and as described in Section 56363 of the Education Code. The Superintendent of Public Instruction shall allocate these funds to special education local

plan areas in the 2011–12 fiscal year based upon an equal rate per pupil using the methodology specified in Section 56836.07 of the Education Code.

27. Of the amount specified in Schedule (1), up to \$3,000,000 shall be made available to the Superintendent of Public Instruction, in collaboration with the Department of Finance and the Legislative Analyst, and subject to approval by the Department of Finance, to administer an extraordinary cost pool associated with educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, for necessary small special education local plan areas as defined in Section 56212 of the Education Code.

SEC. 78. Item 6110-166-0001 of Section 2.00 of the Budget Act of 2011 is amended to read:

6110-166-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund for purposes of Article 5 (commencing with Section 54690) of Chapter 9 of Part 29 of Division 4 of Title 2 of the Education Code, Partnership Academies Program..... 26,709,000

Schedule:

- (1) 10.70.070.001-California Partnership Academies..... 23,469,000
- (2) 10.70.070.002-“Green” California Partnership Academies..... 2,922,000
- (2.5) 10.70.070.003-“Clean” Technology Partnership Academies..... 3,240,000
- (3) Reimbursements..... -2,922,000

Provisions:

1. If there are any funds in this item that are not allocated for planning or operational grants, the State Department of Education may allocate those remaining funds as one-time grants to state-funded partnership academies to be used for one-time purposes.
2. The State Department of Education shall not authorize new partnership academies without the approval of

the Department of Finance and 30-day notification to the Joint Legislative Budget Committee.

3. Notwithstanding Provisions 1 and 2, the funds appropriated in Schedule (2) shall be available consistent with Article 5 (commencing with Section 54690) of Chapter 9 of Part 29 of Division 4 of Title 2 of the Education Code and pursuant to Chapter 757 of the Statutes of 2008.
4. The amount appropriated in this item shall be reduced pursuant to Section 12.42.
5. Notwithstanding any other provision of law, the funds appropriated in Schedule (2) reflect carryover funds that are available for encumbrance until June 30, 2013.
6. Notwithstanding Provisions 1 and 2, the funds appropriated in Schedule (2.5) shall be available consistent with Article 5.5 (commencing with Section 54698) of Chapter 9 of Part 29 of Division 4 of Title 2 of the Education Code.

SEC. 79. Item 6110-204-0001 of Section 2.00 of the Budget Act of 2011 is amended to read:

6110-204-0001—For local assistance, Department of Education (Proposition 98), Program 20-Instructional Support for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction..... 72,396,000

Provisions:

1. The funds appropriated in this item are available to assist eligible pupils, pursuant to Section 37254 of the Education Code, who are required to pass the California High School Exit Examination in order to receive a diploma.
2. Of the amount appropriated in this item, \$0 is to reflect a cost-of-living adjustment.
3. The per-pupil amount for grade 12 may not exceed \$520 in the 2011–12 fiscal year.
4. The funds in this item shall be allocated by the State Department of Education as specified in this item no later than October 1 of each fiscal year.

5. The amount appropriated in this item shall be reduced pursuant to Section 12.42.

SEC. 80. Item 6110-227-0001 of Section 2.00 of the Budget Act of 2011 is amended to read:

6110-227-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, English language tutoring to children with limited English proficiency, established pursuant to Article 4 (commencing with Section 315) of Chapter 3 of Part 1 of Division 1 of Title 1 of the Education Code..... 49,969,000

Schedule:

(1) 10-Instruction..... 49,969,000

Provisions:

1. The amount appropriated in this item shall be reduced pursuant to Section 12.42.

SEC. 81. Item 6110-260-0001 of Section 2.00 of the Budget Act of 2011 is amended to read:

6110-260-0001—For local assistance, Department of Education (Proposition 98), 20.11-Instructional Support: for transfer to Section A of the State School Fund, Physical Education Teacher Incentive Grants..... 41,700,000

Provisions:

1. The funds appropriated in this item are for transfer by the Controller to the Superintendent of Public Instruction to provide incentive grants to schools serving kindergarten or any of grades 1 to 8, inclusive, to support the hiring of more credentialed physical education teachers.
 These grants shall be allocated in the amount of \$37,355 per schoolsite to the districts that were randomly selected in 2006–07 in order to hire teachers to provide instruction in physical education courses.
2. As a condition of receipt of funds, school districts identified through the process required pursuant to Section 41020 of the Education Code as not meeting the required physical education instruction minutes

required in Sections 51210, 51222, and 51223 of the Education Code shall be required to provide a plan to the county office of education that corrects the deficient physical education minutes for the following school year and, to the extent practicable, make up the deficient minutes identified.

3. Of the funds appropriated in this item, \$0 is to reflect a cost-of-living adjustment.
4. The amount appropriated in this item shall be reduced pursuant to Section 12.42.

SEC. 82. Item 6110-265-0001 of Section 2.00 of the Budget Act of 2011 is amended to read:

6110-265-0001—For local assistance, Department of Education (Proposition 98), Program 20.15-for transfer to Section A of the State School Fund, Arts and Music Block Grant..... 109,273,000
Provisions:

1. The funds appropriated in this item shall be for the purpose of providing block grants to school districts, charter schools, and county offices of education to support standards-aligned arts and music instruction in kindergarten and grades 1 to 12, inclusive. Local educational agencies shall use these funds to supplement, and not supplant, existing resources for arts and music.
2. (a) (1) The State Department of Education shall allocate the funding to districts, charter schools, and county offices of education on the basis of an equal amount per pupil, provided that a minimum of \$2,228 shall be allocated for schoolsites with 20 or fewer pupils and a minimum of \$3,564 shall be allocated for schoolsites with more than 20 pupils.
- (2) Except as provided in subdivision (b), the governing board of a district, charter school, or county office of education shall distribute funds received pursuant to this item to all schoolsites on the basis of an equal amount per pupil or the schoolsite minimums as set

- forth in paragraph (1), whichever of the two amounts is greatest.
- (b) If the governing board elects not to allocate funds to schoolsites in the amounts specified pursuant to paragraph (2) of subdivision (a), the governing board shall do both of the following:
 - (1) Adopt a resolution, to that effect, at a public meeting. The resolution shall specify how the funds are to be allocated among schoolsites and for districtwide purposes and the reasons for those allocations.
 - (2) Prior to the public meeting, inform schoolsite councils, schoolwide advisory groups, or school support groups, as applicable, of the content of the proposed resolution and of the time and location where the resolution is proposed to be adopted.
 - (c) By February 2 of each year, as a condition of receipt of funds, the governing board of each school district shall provide a summary report to the department of how these funds were expended or are proposed to be expended, the number of pupils, and the grade levels served. The department shall collect and compile this data and report that information to the appropriate policy and fiscal committees of the Legislature, the Legislative Analyst's Office, and the Department of Finance.
 - (d) For purposes of this provision, "school district" means a school district, county office of education, state special school, or direct-funded charter school, as described in paragraph (1) of subdivision (a) of Section 47651 of the Education Code.
3. The funds appropriated in this item may be used for hiring of additional staff and for ongoing support of staff hired under the grant program, purchase of new or used materials, books, supplies, and equipment, and implementing or increasing staff development opportunities, as necessary to support standards-aligned arts and music instruction.

4. Of the funds appropriated in this item, \$0 is to reflect a cost-of-living adjustment.
5. The amount appropriated in this item shall be reduced pursuant to Section 12.42.

SEC. 83. Item 6110-267-0001 of Section 2.00 of the Budget Act of 2011 is amended to read:

6110-267-0001—For local assistance, Department of Education (Proposition 98), Program 20—for transfer to Section A of the State School Fund, Instructional Support for Certificated Staff Mentoring Program..... 10,684,000

Provisions:

1. The funds appropriated in this item shall be allocated by the Superintendent of Public Instruction to school districts for the purpose of encouraging excellent, experienced teachers to teach in staff priority schools and to assist teacher interns during their induction and first years of teaching, pursuant to Article 6 (commencing with Section 44560) of Chapter 3 of Part 25 of Division 3 of Title 2 of the Education Code.
2. Of the funds appropriated in this item, \$0 is to reflect a cost-of-living adjustment for a total per-participant rate of \$6,273.
3. The amount appropriated in this item shall be reduced pursuant to Section 12.42.

SEC. 84. Item 6110-488 of Section 2.00 of the Budget Act of 2011, as amended by Section 7 of Chapter 15 of the First Extraordinary Session of the Statutes of 2011, is amended to read:

6110-488—Reappropriation, Department of Education. Notwithstanding any other provision of law, the balances from the following items are available for reappropriation for the purposes specified in Provisions 1 to 5, inclusive:
0001—General Fund

- (1) \$24,000,000 of the unexpended balance of the amount appropriated for child care programs in Schedules (1) and (1.5) of Item 6110-196-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)

- (2) \$6,900,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Economic Impact Aid in Item 6110-128-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)
- (3) \$20,000,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for special education in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)
- (4) \$15,121,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the K–3 Class Size Reduction program in paragraph (9) of subdivision (a) of Section 38 of Chapter 12 of the Statutes of 2009
- (5) \$40,000,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Quality Education Investment Act in the 2010–11 fiscal year pursuant to Section 52055.770 of the Education Code
- (7) \$9,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the English Language Learners Supplemental Instructional Materials program in paragraph (10) of subdivision (a) of Section 43 of Chapter 79 of the Statutes of 2006
- (8) \$6,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Agricultural Career Technical Education Program in Item 6110-167-0001 of the Budget Act of 2008 (Chs. 268 and 269, Stats. 2008)
- (9) \$973,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Class Size Reduction Program in Item 6110-234-0001 of the Budget Act of 2008 (Chs. 268 and 269, Stats. 2008)
- (10) \$422,000 or whatever greater or lesser amount represents the balance available from Schedule (1) of Item 6870-101-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), as reappropriated in Item 6870-

- 492 of the Budget Act of 2008 (Chs. 268 and 269, Stats. 2008)
- (11) \$902,000 or whatever greater or lesser amount represents the balance available from Schedules (7), (8), and (19) of Item 6870-101-0001 of the Budget Act of 2008 (Chs. 268 and 269, Stats. 2008)
 - (12) \$1,039,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for Special Education Instruction in Schedule (2) of Item 6110-161-0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.)
 - (13) \$82,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for Child Nutrition in Item 6110-651-0001, pursuant to Section 5 of Chapter 3 of the 2009–10 Fourth Extraordinary Session, as amended by Chapter 31 of the 2009–10 Third Extraordinary Session
 - (14) \$267,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Supplemental School Counseling Program in Item 6110-108-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)
 - (15) \$15,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Special Education Program in Schedule (2) of Item 6110-161-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)
 - (16) \$30,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the California Partnership Academies in Item 6110-166-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)
 - (17) \$418,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the California High School Exit Exam Supplemental Instruction program in Item 6110-204-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)
 - (18) \$369,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated

- for the Arts and Music Block Grant program in Item 6110-265-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)
- (19) \$18,677,000 or whatever greater or lesser amount represents the balance available from Schedules (1), (7), (8), (9), and (19) of Item 6870-101-0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.)
 - (20) \$33,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Charter Schools Facilities Grant Program in paragraph (11) of subdivision (a) of Section 43 of Chapter 79 of the Statutes of 2006.
 - (21) \$413,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Charter Schools Facilities Grant Program pursuant to Section 47614.5 of the Education Code (Ch. 215, Stats. 2007).
 - (22) \$18,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the California Partnership Academies in Item 6110–166–0001 of the Budget Act of 2008 (Chs. 268 and 269, Stats. 2008).
 - (23) \$201,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Supplemental School Counseling Program in Item 6110–108–0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.).
 - (24) \$14,058,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for Special Education Instruction in Schedule (1) of Item 6110–161–0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.).
 - (25) \$1,003,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the California Partnership Academies in Item 6110–166–0001 of the Budget Act of 2009 (Ch. 1,

- 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.).
- (26) \$1,334,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Charter School Economic Impact Aid Program in Schedule (2) of Item 6110–211–0001 of the Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.).
- (27) \$1,275,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for Special Education Instruction in Item 6110–650–0001 (pursuant to Sec. 5, Ch. 3, 2009–10 4th Ex. Sess., as revised by Ch. 31, 2009–10 3rd Ex. Sess.).
- (28) \$48,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the English Language Tutoring program in Item 6110–227–0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010).
- (29) \$29,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Physical Education Incentive Grants program in Item 6110–260–0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010).
- (30) \$18,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the Certificated Staff Mentoring program in Item 6110–267–0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010).
- (31) \$5,337,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the After School Education and Safety program in Item 6110–649–0001 in the 2008–09 fiscal year, pursuant to Sections 8483.5 and 8483.51 of the Education Code.
- (32) \$713,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the special education instruction in Schedule (1) of Item 6110–161–0001 of the Budget Act of 2009 (Ch.

- 1, 2009-10 3rd Ex. Sess., as revised by Ch. 1, 2009-10 4th Ex. Sess.)
- (33) \$56,717,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for special education instruction in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)
 - (34) \$4,000,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Child Nutrition Program in Schedule (1) of Item 6110-203-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)
 - (35) \$13,925,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for child care programs in Schedules (1) and (1.5) of Item 6110-196-0001 of the Budget Act of 2009 (Ch. 1, 2009-10 3rd Ex. Sess., as revised by Ch. 1, 2009-10 4th Ex. Sess.)
 - (36) \$32,314,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Child Care Programs in Schedule (1.5) of Item 6110-196-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)
 - (37) \$11,663,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the After School Education and Safety program in Item 6110-649-0001 in the 2009-10 fiscal year, pursuant to Sections 8483.5 and 8483.51 of the Education Code.
 - (38) \$16,801,000 or whatever greater or lesser amount reflects the unexpended balance of the amount appropriated for the After School Education and Safety program in Item 6110-649-0001 in the 2010-11 fiscal year, pursuant to Sections 8483.5 and 8483.51 of the Education Code.
 - (39) \$45,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Categorical Programs for charter schools in Schedule (1) of Item 6110-211-0001 of the Budget Act of 2009

- (Ch. 1, 2009-10 3rd Ex. Sess., as revised by Ch. 1, 2009-10 4th Ex. Sess.)
- (40) \$5,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for English Language Development Assessment in Item 6110-651-0001 pursuant to Section 5 of Chapter 3 of the 2009-10 Fourth Extraordinary Session, as amended by Chapter 31 of the 2009-10 Third Extraordinary Session.
 - (41) \$652,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Economic Impact Aid in Item 6110-128-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)
 - (42) \$722,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Early Education Program for Individuals with Exceptional Needs in Schedule (2) of Item 6110-161-0001 of the Budget Act of 2010 (Ch. 712, Stats. 2010)
 - (43) \$2,245,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Quality Education Investment Act in the 2010-11 fiscal year pursuant to Section 52055.770 of the Education Code.
 - (44) \$70,000,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Quality Education Investment Act in the 2011-12 fiscal year pursuant to Section 52055.770 of the Education Code.

Provisions:

- 2. The sum of \$5,303,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to support costs during the 2011–12 fiscal year associated with the Class Size Reduction Program operated pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4 of Title 2 of the Education Code.

3. The sum of \$5,673,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to support California School Information Services administration activities authorized pursuant to Schedule (2) of Item 6110-140-0001.
4. The sum of \$142,021,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for apportionment for special education programs pursuant to Part 30 (commencing with Section 56000) of Division 4 of Title 2 of the Education Code.
5. The sum of \$220,137,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for apportionment for special education programs pursuant to Part 30 (commencing with Section 56000) of Division 4 of Title 2 of the Education Code

SEC. 85. Item 6870-101-0001 of Section 2.00 of the Budget Act of 2011 is amended to read:

6870-101-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98)..... 2,444,100,000

Schedule:

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| (1) 10.10.010-Appportionments..... | 2,046,755,000 |
| (2) 10.10.020-Apprenticeship..... | 7,174,000 |
| (3) 10.10.030-Growth for Apportionments..... | 0 |
| (4) 20.10.004-Student Success for Basic Skills Students..... | 20,037,000 |
| (5) 20.10.005-Student Financial Aid Administration..... | 56,741,000 |
| (6) 20.10.020-Disabled Students..... | 69,223,000 |
| (7) 20.10.045-Special Services for Cal-WORKs Recipients..... | 26,695,000 |

| | |
|---|------------|
| (8) 20.10.060-Foster Care Education Program..... | 5,254,000 |
| (9) 20.10.070-Matriculation..... | 49,183,000 |
| (10) 20.20.020-Academic Senate for the Community Colleges..... | 318,000 |
| (11) 20.20.041-Equal Employment Opportunity pursuant to Ch. 1169, Stats. 2002..... | 767,000 |
| (12) 20.20.050-Part-time Faculty Health Insurance..... | 490,000 |
| (13) 20.20.051-Part-time Faculty Compensation..... | 24,907,000 |
| (14) 20.20.055-Part-time Faculty Office Hours..... | 3,514,000 |
| (15) 20.30.011-Telecommunications and Technology Services..... | 15,290,000 |
| (16) 20.30.050-Economic Development..... | 22,929,000 |
| (17) 20.30.070-Transfer Education and Articulation..... | 698,000 |
| (18) 20.40.026-Physical Plant and Instructional Support..... | 0 |
| (19) 20.10.010-Extended Opportunity Programs and Services and Special Services..... | 73,605,000 |
| (20) 20.30.045-Fund for Student Success..... | 3,792,000 |
| (21) 20.70.010-Career Technical Education..... | 0 |
| (22) 20.80.010-Campus Child Care Tax Bailout..... | 3,350,000 |
| (23) 20.95.010-Nursing Program Support.... | 13,378,000 |

Provisions:

1. The funds appropriated in this item are for transfer by the Controller during the 2011–12 fiscal year to Section B of the State School Fund.
2. Notwithstanding any other provision of law, apportionment funding for community college districts shall be based on the greater of the current year or prior year level of full-time equivalent students (FTES), consistent with K–12 declining enrollment practices pursuant to Section 42238.5 of the Education Code. Decreases in FTES shall result in a revenue reduction at the district's average level of apportionment funding per

FTES and shall be made in the year following the initial year of decrease in FTES.

3. The funds appropriated in Schedule (1) for Apportionments include \$31,409,000 to encourage district-level accountability efforts pursuant to Section 84754.5 of the Education Code. It is intended that the Chancellor of the California Community Colleges submit an annual report on district-specific accountability measures by March 31 of each year. This report shall reflect outcomes from the most recently completed fiscal year for which data is available pursuant to Section 84754.5 of the Education Code.
4. Of the funds appropriated in Schedule (1), Apportionments:
 - (a) Up to \$100,000 is for a maintenance allowance, pursuant to Section 54200 of Title 5 of the California Code of Regulations.
 - (b) Up to \$500,000 is to reimburse colleges for the costs of federal aid repayments related to assessed fees for fee waiver recipients. This reimbursement only applies to students who completely withdraw from college before the census date pursuant to Section 58508 of Title 5 of the California Code of Regulations.
5. Notwithstanding any other provision of law, the Chancellor of the California Community Colleges shall not reduce district workload obligations for a lack of a funded cost-of-living adjustment.
6. (a) The amount appropriated in Schedule (2) for the Apprenticeship Program shall be available as necessary upon certification by the Chancellor of the California Community Colleges for the purpose of funding community college-related and supplemental instruction pursuant to Section 3074 of the Labor Code, as provided in Section 8152 of the Education Code. No community college district shall use funds available under this provision to offer any new apprenticeship training program or the expansion of any existing program

unless the new program or expansion has been approved by the chancellor.

- (b) Notwithstanding Section 8152 of the Education Code, each 60-minute hour of teaching time devoted to each indentured apprentice enrolled in and attending classes of related and supplemental instruction as provided under Section 3074 of the Labor Code shall be reimbursed at the rate of \$5.04 per hour. For purposes of this provision, each hour of teaching time may include up to 10 minutes for passing time and breaks.
- 7. Funds appropriated in Schedule (3), Growth for Apportionments, shall be available first to any districts bringing online newly accredited colleges or California Postsecondary Education Commission-approved educational centers. It is the intent of the Legislature that increases in basic foundation allocations to each college be funded prior to additional growth in full-time equivalent students. The Chancellor of the California Community Colleges shall provide a report by November 1 of each year, to the Department of Finance and the Legislative Analyst, on the number of new centers and colleges added for the current fiscal year and those anticipated to be added for the prospective budget year. This report shall also detail the specific funding adjustments provided for basic foundation allocations to each college and center for the current fiscal year.
- 8. Notwithstanding any other provision of law, funds appropriated in Schedule (3), Growth for Apportionments, shall only be allocated for growth in full-time equivalent students (FTES), on a district-by-district basis, as determined by the Chancellor of the California Community Colleges. The chancellor shall not include any FTES from concurrent enrollment in physical education, dance, recreation, study skills, and personal development courses and other courses in conflict with existing law for the purpose of calculating a district's three-year overcap adjustment. The Board of Governors of the California Community Colleges

shall implement the criteria required by subdivision (a) of Provision 5 of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2003 (Ch. 157, Stats. 2003) for the allocation of funds appropriated in Schedules (1) and (3) of this item, so as to ensure that courses related to student needs for transfer, basic skills, and vocational/workforce training are accorded the highest priority and are provided to the maximum extent possible within budgeted funds.

9. The funds appropriated in Schedule (4), Student Success for Basic Skills Students, shall be allocated as follows:
 - (a) \$969,000 for faculty and staff development to improve curriculum, instruction, student services, and program practices in the areas of basic skills and English as a Second Language (ESL) programs. The Office of the Chancellor of the California Community Colleges shall select a district, utilizing a competitive process, to carry out these faculty and staff development activities. All colleges receiving funds pursuant to subdivision (b) shall be provided with the opportunity to participate in the faculty and staff development programs specified in this subdivision. The chancellor shall report on the use of these funds by the selected district to the Legislative Analyst and the Department of Finance not later than September 1 of each year.
 - (b) \$19,068,000 for allocation by the chancellor to community college districts for improving outcomes of students who enter college needing at least one course in ESL or basic skills, with particular emphasis on students transitioning from high school.
 - (c) Funding specified in subdivisions (a) and (b) shall be distributed to eligible applicants pursuant to Chapter 489 of the Statutes of 2007.
 - (d) The Office of the Chancellor shall work jointly with the Department of Finance and the Legislative Analyst to evaluate and refine, as necessary,

the annual accountability measures for this program. It is the intent of the Legislature that annual performance accountability measures for this program utilize, to the extent possible, data available as part of the accountability system developed pursuant to Section 84754.5 of the Education Code. By September 1, 2010, the chancellor shall submit a report to the Governor and Legislature on basic skills accountability using system- and college-level data and an annual report each year thereafter by September 1.

10. (a) Of the funds appropriated in Schedule (5) for Student Financial Aid Administration, not less than \$12,562,000 is available to provide \$0.91 per unit reimbursement to community college districts for the provision of board of governors (BOG) fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.
- (b) Of the funds appropriated in Schedule (5), not less than \$7,179,000 is available to provide reimbursement of 2 percent of total waiver value to community college districts for the provision of BOG fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.
- (c) Funding provided to community college districts in subdivisions (a) and (b) is provided to directly offset any mandated costs claimed by community college districts pursuant to Commission on State Mandates Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15 (Enrollment Fee Waivers).
- (d) (1) Of the amount appropriated in Schedule (5), \$2,800,000 shall be for a contract with a community college district to conduct a statewide media campaign to promote the general message to prospective students as follows: (A) the California Community Colleges (CCC) remain affordable, (B) financial

aid and tax credits are available to cover enrollment fees and help with books and other costs, and (C) the active encouragement of contact between pupils and local CCC financial aid offices. Any funds used from this source to produce radio, television, or mail campaigns must emphasize the availability of financial aid, the easiest and most reliable method of accessing the aid, a contact telephone number, an Internet Web site address, where applicable, and the physical location of a financial aid office. Any mail campaign must give priority to existing pupils, recent high school graduates, and 12th graders. The outreach and information campaign should target its efforts in high schools, welfare offices, unemployment offices, churches, community centers, and any other location that will most effectively reach low-income and disadvantaged students who must overcome barriers in accessing postsecondary education. The community college district awarded the contract shall consult with the Chancellor of the California Community Colleges and the Student Aid Commission prior to performing any activities to ensure appropriate coordination with any other state efforts in this area and ensure compliance with this provision.

- (2) Of the amount appropriated in Schedule (5), not more than \$34,200,000 shall be for direct contact with potential and current financial aid applicants. Each CCC campus shall receive a minimum allocation of \$50,000. The remainder of the funding shall be allocated to campuses based upon a formula reflecting full-time equivalent students (FTES) weighted by a measure of low-income populations as demonstrated by BOG fee waiver program participation within a district. It is

the intent of the Legislature, to the extent that funds are provided in this item, that all campuses provide additional staff resources to increase both financial aid participation and student access to low-income and disadvantaged students who must overcome barriers in accessing postsecondary education. Funds may be used for screening current students for possible financial aid eligibility and offering personal assistance to these students in accessing financial aid, providing individual help in multiple languages for families and students in filling out the necessary paperwork to apply for financial aid, and increasing financial aid staff to process additional financial aid forms.

- (3) Funding provided to community college districts in paragraph (2) is provided to directly offset any mandated costs claimed by community college districts pursuant to the Commission on State Mandates Test Claims 02-TC-28 (Cal Grants) and 02-TC-21 (Tuition Fee Waivers).
- (4) Funds allocated to a community college district for financial aid personnel, outreach determination of financial need, and delivery of student financial aid services shall supplement, and shall not supplant, the level of funds allocated for the administration of student financial aid programs during the 2001–02 or 2006–07 fiscal year, whichever is greater.
- (5) It is the intent of the Legislature that the Office of the Chancellor of the California Community Colleges provide the Legislature with a report not later than April 1 of each year on the use of the funds allocated pursuant to paragraphs (1) and (2), including the distribution of the funds, specific uses of the funds, strategies employed to reach low-in-

come and disadvantaged students potentially eligible for financial aid, and the extent to which districts were successful in increasing the number of students accessing financial aid, particularly the maximum Pell Grant award.

- (6) It is the intent of the Legislature that the chancellor report by May 15 of each year, in the manner and using the factors set forth in paragraph (5) of subdivision (c) of Provision 11 of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007), on the impact of outreach efforts on student headcount and FTES enrollment for the 2008–09 and 2009–10 academic years.
 - (e) Notwithstanding subdivision (m) of Section 76300 of the Education Code or any other provision of law, the amount of funds appropriated for the purpose of administering fee waivers for the 2011–12 fiscal year shall be determined in this act.
11. (a) The funds appropriated in Schedule (6) for the Disabled Students Program are for assisting districts in funding the excess direct instructional cost of providing special support services or instruction, or both, to disabled students enrolled at community colleges, and for state hospital programs, as mandated by federal law.
- (b) Of the amount appropriated in Schedule (6), no less than \$3,166,000 shall be used to address deficiencies identified by the federal Office of Civil Rights (OCR), as determined by the Office of the Chancellor of the California Community Colleges.
 - (c) Of the amount appropriated in Schedule (6), at least \$757,000 shall be used for support of the High Tech Centers for activities including, but not limited to, training of district employees, staff, and students in the use of specialized computer equipment for the disabled. All High Tech Centers shall meet standards developed by the Office of

the Chancellor. Colleges that receive these augmentations shall not supplant existing resources provided to the centers.

- (d) Notwithstanding any other provision of law, of the funds appropriated in Schedule (6), \$1,000,000 shall be for state hospital adult education programs at the hospitals served by the Coast and Kern Community College Districts since the 1986–87 fiscal year. If adult education services at any of the three hospitals are not supported by the community colleges in any portion of the 2011–12 fiscal year, remaining funds shall, upon order of the Department of Finance, after 30 days' notice to the Chairperson of the Joint Legislative Budget Committee, be transferred to the State Department of Developmental Services (DDS). For any transfer of funds to DDS during the 2011–12 fiscal year, the Proposition 98 base funding levels for community colleges and DDS shall be adjusted accordingly.
 - (e) Of the funds appropriated in Schedule (6) for the Disabled Student Services, no less than \$7,704,000 shall be allocated to support high-cost sign language interpreter services and real-time captioning equipment or other communication accommodations for hearing-impaired students based on a 4-to-1 state-to-local district match.
12. The funds appropriated in Schedule (7), Special Services for CalWORKs Recipients, are for the purpose of assisting welfare recipient students and those in transition off of welfare to achieve long-term self-sufficiency through coordinated student services offered at community colleges, including workstudy, other educational related work experience, job placement services, child care services, and coordination with county welfare offices to determine eligibility and availability of services. All services funded in Schedule (7) shall be for current CalWORKs recipients or prior CalWORKs recipients who are in transition off of cash assistance for no more than two years.

Current cash-assistance recipients may utilize these services until their initial educational objectives are met. Former recipients in transition off of cash assistance may utilize these services for a period of up to two years after leaving cash assistance subject to the conditions of this provision. These funds shall be used to supplement and not supplant existing funds and services provided for CalWORKs recipients attending community colleges. The Chancellor of the California Community Colleges shall develop an equitable method for allocating funds to all districts and colleges based on the relative numbers of CalWORKs recipients in attendance and shall allocate funds for the following purposes:

- (a) Job placement.
- (b) Coordination with county welfare offices and other local agencies, including local workforce investment boards.
- (c) Curriculum development and redesign.
- (d) Child care and workstudy.
- (e) Instruction.
- (f) Postemployment skills training and related skills.
- (g) Campus-based case management, limited to on-campus assistance and services not provided by county case workers that do not supplant other counseling and academic support services funded through existing California Community Colleges categorical programs.

Of the amount appropriated in Schedule (7), \$9,188,000 is for child care and does not require a district match. For the remaining funds, districts shall, as a condition of receipt of these funds, provide a \$1 match for every \$1 provided by the state.

Funds utilized for subsidized child care shall be for children of CalWORKs recipients through campus-based centers or parental choice vouchers at rates and with rules consistent with those applied to related programs operated by the State Department of Education in the 2011–12 fiscal year, including eligibility, reimbursement rates, and parental contribution

schedules. Subsidized campus child care for CalWORKs recipients may be provided during the period they are engaged in qualifying state and federal work activities through attainment of their initial education and training plan and for up to three months thereafter or until the end of the academic year, whichever period of time is greater.

Funds utilized for workstudy shall be used solely for payments to employers that currently participate in campus-based workstudy programs or are providing work experiences that are directly related to and in furtherance of student educational programs and work participation requirements, provided that those payments may not exceed 75 percent of the wage for the workstudy positions, and the employers shall pay at least 25 percent of the wage for the workstudy positions. These funds may be expended only if the total hours of education, employment, and workstudy for the student are sufficient to meet both state and federal minimum requirements for qualifying work-related activities.

Funds may be used to provide credit or noncredit classes for CalWORKs students if a district has committed all of its funded full-time equivalent students (FTES) and is unable to offer the additional instructional services to meet the demand for CalWORKs students. This determination shall be based on fall enrollment information. Districts shall submit applications to the Office of the Chancellor by December 1 of each year. If the chancellor approves the use of funds for direct instructional workload, the Office of the Chancellor shall submit a report to the Department of Finance and the Joint Legislative Budget Committee by February 15 of each year that (a) identifies the enrollment of new CalWORKs students, (b) states whether and why additional classes were needed to accommodate the needs of CalWORKs students, and (c) sets forth an expenditure plan for the balance of funds.

As a condition of receipt of the funds appropriated in Schedule (7), by the fourth week following the end of the semester or quarter term commencing in January 2012, each participating community college shall submit to the Office of the Chancellor a report, in the format specified by the chancellor in consultation with the State Department of Social Services, that includes, but is not limited to, the funded components, the number of hours of child care provided, the average monthly enrollment of CalWORKs dependents served in child care, the number of workstudy hours provided, the hourly salaries and type of jobs, the number of students being case managed, the short-term programs available, the student participation rates, and other outcome data. It is intended that, to the extent practicable, reporting from colleges utilize data gathered for federal reporting requirements at the state and local level. Further, it is intended that the Office of the Chancellor compile the information for annual reports to the Legislature, the Governor, the Legislative Analyst, the Department of Finance, and the State Department of Social Services by February 15 of each year.

First priority for expenditures of any funds appropriated in Schedule (7) shall be in support of current CalWORKs recipients. However, if caseloads are insufficient to fully utilize all of the funding in this schedule in a cost-beneficial way, it is intended that up to \$5,000,000 of the funds subject to local matching requirements may be allocated for providing postemployment services to former CalWORKs recipients who have been off of cash assistance for no longer than two years to assist them in upgrading skills, job retention, and advancement. Allowable services include direct instruction that cannot be funded under available growth funding, child care to support attendance in these classes consistent with this provision, job development and placement services, and career counseling and assessment activities that cannot be funded through other programs. Child care services may only be provided for periods commensurate with

a student's need for postemployment training within the two-year transitional period.

Prior to allocation of funds for postemployment services, the chancellor shall first secure the approval of the Department of Finance for the allocations, complete a cumulative report on the outcomes, activities, and cost-effectiveness of the program no later than February 15 of each year in compliance with the Budget Acts of 1998 (Ch. 324, Stats. 1998) and 1999 (Ch. 50, Stats. 1999) and this act, and shall provide the rationale and justification for the proposed allocation of postemployment services to districts for transitional students.

If a district is unable to fully expend its share of child care funds, it may request that the Office of the Chancellor approve a reallocation to other CalWORKs purposes authorized by this provision, subject to all pertinent limitations and district match required for these purposes under this provision.

Of the funds appropriated in Schedule (7) for the Special Services for CalWORKs Recipients Program, no less than \$4,900,000 is to provide direct workstudy wage reimbursement for students served under this program, and \$613,000 is available for campus job development and placement services.

13. Funds appropriated in Schedule (7) for the Special Services for CalWORKs Recipients Program have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) and may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
14. (a) Funds provided in Schedule (8) for the Foster Care Education Program shall be allocated to provide foster and relative/kinship care education and training. Districts shall ensure that education and training required by Sections 1529.1 and 1529.2 of the Health and Safety Code and Section

16003 of the Welfare and Institutions Code receive priority. Districts may use any remaining funds for additional parenting skills training.

- (b) Funds provided in Schedule (8) shall be used for foster parent and relative/kinship care provider education training services consistent with the following criteria:
 - (1) The Chancellor of the California Community Colleges shall use these funds exclusively for foster parent and relative/kinship care provider education and training, as specified by the chancellor in consultation with an advisory committee that includes foster parents, representatives of statewide foster parent organizations, parent and relative/kinship care providers, and representatives from the State Department of Social Services.
 - (2) Acceptance of funds under this program shall constitute agreement by the district to comply with such reporting requirements, guidelines, and other conditions for receipt of funding as the chancellor may establish.
 - (3) Each college plan for foster and relative/kinship care education programs shall include the provision of training to facilitate the development of foster family homes, small family homes, and relative/kinship homes to care for no more than six children who have special mental, emotional, developmental, or physical needs.
 - (4) The State Department of Social Services shall facilitate the participation of county welfare departments in the foster and relative/kinship care education program.
- 15. (a) Funds appropriated in Schedule (9) for the Matriculation Program are for the purpose of student matriculation pursuant to Article 1 (commencing with Section 78210) of Chapter 2 of Part 48 of Division 7 of Title 3 of the Education Code.

- (b) Of the amount appropriated in Schedule (9), \$9,381,000 shall be allocated to community college districts on a one-to-one matching funds basis to provide matriculation services, including, but not limited to, orientation, assessment, and counseling, for students enrolled in designated noncredit classes and programs who may benefit most, as determined by the Chancellor of the California Community Colleges pursuant to Sections 78216 and 78218 of the Education Code.
- 16. The funds in Schedule (13) for the Part-time Faculty Compensation Program shall be allocated solely to increase compensation for part-time faculty from the amounts previously authorized. Funds shall be distributed to districts based on the total actual full-time equivalent students served in the previous fiscal year and include a small district factor as determined by the Chancellor of the California Community Colleges. These funds are to be used to assist districts in making part-time faculty salaries more comparable to full-time salaries for similar work, as determined through each district's local collective bargaining process. These funds shall not supplant the amount of resources each district used to compensate part-time faculty or be used to exceed parity of each part-time faculty employed by each district with regular full-time faculty at the same district, as certified by the chancellor. If a district achieves parity, its allocation may be used for any other educational purpose.
- 17. (a) \$14,151,000 of the funds provided in Schedule (15) for the Telecommunications and Technology Services Program shall be for the purpose of supporting technical and application innovations and for coordination of activities that serve to maximize the utility of the technology investments of the community college system towards improving learning outcomes. Allocations shall be made by the Chancellor of the California Community Colleges, based on criteria and guidelines as developed by the chancellor, on a competitive basis

through the RFA/RFP application process for the following purposes:

- (1) Provision of access to statewide multimedia hosting and delivery services for system colleges and districts.
- (2) Provision of systemwide Internet, audio bridging, and telephony.
- (3) Technical assistance and planning, cooperative purchase agreements, and faculty and staff development in a manner consistent with paragraph (3) of subdivision (b) of Provision 17 of Item 6870-101-0001 of Section 2.00 of the Budget Act of 1996 (Ch. 162, Stats. 1996).
- (4) Ongoing support for the California Virtual Campus Distance Education Program.
- (5) Ongoing support for programs designed to use technology in assisting accreditation and the alignment of curricula across K–20 segments in California.
- (6) Support for technology pilots and ongoing technology programs and applications that serve to maximize the utility and economy of scale of the technology investments of the community college system towards improving learning outcomes.

In addition, a portion of the funds provided in this subdivision shall be available for allocations to districts. It is the intent of the Legislature that these funds be used by colleges to maintain the technology capabilities specified in subdivision (a) of Provision 21 of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2003 (Ch. 157, Stats. 2003). These funds shall not supplant existing funds used for those purposes, and colleges shall match maintenance and ongoing costs with other funds as provided by subdivision (a) of Provision 21 of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2003 (Ch. 157, Stats. 2003).

- (b) The Office of the Chancellor of the California Community Colleges shall develop the reporting criteria for all programs funded by this item and shall submit that for review along with an annual progress report on program implementation to the Legislative Analyst and the Department of Finance no later than December 1 of each year. Reporting shall include summaries of allocations and expenditures by program and by district, where applicable.
 - (c) Of the funds provided in Schedule (15), \$1,139,000 is for ongoing support and expansion of the California Partnership for Achieving Student Success (Cal-PASS) program. As a condition of receipt of these funds, the grantee shall submit to the Office of the Chancellor, by October 15 of each year, all of the following: (1) a report that includes the numbers and percentages of institutions and school districts that have signed agreements and the number and percentage that have actively submitted data in the current year and (2) an annual financial audit, as prescribed by the chancellor, that includes an accounting of all funding sources and all uses of funds by funding source. The report and audit also shall be submitted to the Legislative Analyst, the Department of Finance, and the appropriate budget subcommittees of the budget committees of each house of the Legislature. It is the intent of the Legislature that all reporting requirements contained in this subdivision shall be completed using funds provided to the grantee.
18. Of the funds provided in Schedule (16) for the Economic and Workforce Development Program:
- (a) \$11,187,000 is allocated for regional business resources assistance and innovation network centers. Each allocation to a district for Centers for International Development shall contain sufficient funds, as determined by the Chancellor of the

California Community Colleges, for the continued operation of Mexican International Trade Centers.

- (b) \$3,833,000 is allocated for industry-driven regional education and training collaboratives. These allocations shall be made on a competitive basis and the amounts shall not be restricted to any predetermined limit, but rather shall be funded on their individual merits.
- (c) \$1,769,000 is allocated for statewide network leadership, organizational development, coordination, information and support services, or other program purposes.
- (d) \$2,220,000 is available for Job Development Incentive Training programs focused on job creation for public assistance recipients. Any annual savings from this subdivision shall only be available for expenditure for one-time activities listed under subdivision (j) of Section 88531 of the Education Code.
- (e) \$3,920,000 is allocated for the establishment of a Responsive Incumbent Worker Training Fund, which will serve to expand the delivery of performance improvement training to employers and incumbent workers in high-growth industries. Funds shall also be used to develop programs that integrate basic skills and career technical education curriculum in ways that provide students with seamless educational coursework that transitions students into high-tech and high-demand job sectors.
- (f) The following provisions apply to the expenditure of funds within subdivisions (a) and (b): Funds allocated for centers and regional collaboratives shall seek to maximize the use of state funds for subdivisions (g) to (j), inclusive, of Section 88531 of the Education Code. Funds allocated to districts for purposes of subdivisions (g) and (i) of Section 88531 of the Education Code for performance-based training and student internships shall be matched by a minimum of \$1 of private business

and industry funding for each \$1 of state funds. Funds allocated for purposes of subdivision (h) of Section 88531 of the Education Code for credit and noncredit instruction may be transferred to Schedule (1) or (3) to facilitate distribution at the chancellor's discretion. Any funds that become available from network centers due to savings, discontinuance, or reduction of amounts shall first be made available for additional allocations in subdivision (b) to increase the level of subsidized training otherwise available.

- (g) Funds allocated by the Board of Governors of the California Community Colleges under this provision may not be used by community college districts to supplant existing courses or contract education offerings. The chancellor shall ensure that funds are spent only for expanded services and shall implement accountability reporting for districts receiving these funds to ensure that training, credit, and noncredit programs remain relevant to business needs. Programs that do not demonstrate continued relevance and support by business shall not be eligible for continued funding. The board of governors shall consider the level of involvement and financial commitments of business and industry as primary factors in making awards. The chancellor shall incorporate project requirements into the guidelines for audits of economic development projects.
- (h) Primary objectives of the Economic and Workforce Development Program are to maximize instruction, to prepare students for entry-level jobs, to increase skills of the current workforce, and to stimulate the growth of businesses through training so that more jobs are created. As part of the annual report on the performance of the Economic and Workforce Development Program, the chancellor shall provide disaggregated data detailing the funding provided to each economic development regional center and each industry-driven

regional education and training collaborative, and to the extent practicable, the total number of hours of contract education services, performance improvement training, credit and noncredit instruction, and job placements created as a result of each center and collaborative.

19. (a) The funds appropriated in Schedule (17) for the Transfer Education and Articulation Program are available to support transfer and articulation projects and common course numbering projects.
- (b) Funding provided to community college districts from Schedule (17) is provided to directly offset any mandated costs claimed by community college districts pursuant to Chapter 737 of the Statutes of 2004.
20. (a) One-half of any funds appropriated in Schedule (18) are available for the following purposes:
 - (1) Scheduled maintenance and special repairs of facilities. The Chancellor of the California Community Colleges shall allocate funds to districts on the basis of actual reported full-time equivalent students (FTES), and may establish a minimum allocation per district. As a condition for receiving and expending these funds for maintenance or special repairs, a district shall certify that it will increase its operations and maintenance spending from the 1995–96 fiscal year by the amount it allocates from this appropriation for maintenance and special repairs, plus an equal amount to be provided from district discretionary funds. The chancellor may waive all or a portion of the matching requirement based upon a review of a district’s financial condition. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district. For every \$1 a district expends from any funds provided in this appropriation for scheduled maintenance and special repairs,

- the recipient district shall provide \$1 in matching funds.
- (2) Hazardous substances abatement, cleanup, and repairs.
 - (3) Architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.) and seismic retrofit projects limited to \$400,000. Districts that receive funds for architectural barrier removal projects shall provide a \$1 match for every \$1 provided by the state.
- (b) One-half of any funds appropriated in Schedule (18) are available for replacement of instructional equipment and library materials. For every \$3 a district expends from any moneys provided in this appropriation for replacement of instructional equipment or library materials, the recipient district shall provide \$1 in matching funds. The chancellor may waive all or a portion of the matching requirement based upon a review of a district's financial condition. The funds provided for instructional equipment and library materials shall not be used for personal services costs or operating expenses. The chancellor shall allocate funds to districts on the basis of actual reported FTES and may establish a minimum allocation per district. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district.
- (c) Any funds appropriated in Schedule (18) shall be available for expenditure until June 30, 2013.
21. Of the funds appropriated in Schedule (19) for Extended Opportunity Programs and Services, \$64,273,000 is for Extended Opportunity Programs and Services (EOPS) in accordance with Article 8 (commencing with Section 69640) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code. Funds provided in this item for EOPS shall be available to students on all campuses within the California Community

Colleges system, including those students on new campuses or in new districts. In addition, \$9,332,000 is for funding, at all colleges, the Cooperative Agencies Resources for Education (CARE) program in accordance with Article 4 (commencing with Section 79150) of Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code. The Board of Governors of the California Community Colleges shall allocate funds on a priority basis to local programs on the basis of need for student services.

22. Of the funds appropriated in Schedule (19) for the Extended Opportunity Programs and Services, no less than \$4,972,000 shall be available to support additional textbook assistance grants to community college students as an allowable expenditure consistent with paragraph (10) of subdivision (b) of Section 69648 of the Education Code. In addition, these funds shall not supplant the amount of resources used for textbook grants in the 2001–02 fiscal year.
23. The funds appropriated in Schedule (20) for the Fund for Student Success are for additional targeted student services, to be expended as follows:
 - (a) \$1,183,000 is for the Puente Project to support up to 75 colleges. These funds are available if matched by \$200,000 of private funds and the participating community colleges and University of California campuses maintain their 1995–96 fiscal year support level for the Puente Project. All funding shall be allocated directly to participating districts in accordance with their participation agreement.
 - (b) Up to \$1,515,000 is for the Mathematics, Engineering and Science Achievement (MESA) program. For each dollar allocated, the recipient district shall provide \$1 in matching funds.
 - (c) No less than \$1,094,000 is for the Middle College High School Program. With the exception of fully compliant special part-time students at the community colleges pursuant to Sections 48802 and 76001 of the Education Code, student workload

based on participation in the Middle College High School Program shall not be eligible for community college state apportionment. Further, no community college state apportionment shall be made available for physical education classes, noncredit classes, nor other courses specified in Provision 8.

24. Pursuant to Sections 69648.5, 78216, and 84850, and subdivision (b) of Section 87108, of the Education Code, the Board of Governors of the California Community Colleges may allocate funds appropriated in Schedules (6), (9), (11), and (19) by grant or contract, or through the apportionment process, to one or more districts for the purpose of providing program evaluation, accountability, monitoring, or program development services, as appropriate under the applicable statute.
25. (a) All funds appropriated in Schedule (21) for the Career Technical Education Program are for the purpose of aligning career-technical education curriculum between K–12 and community colleges in targeted industry-driven programs offered through the Economic and Workforce Development Program. Prior to the allocation of these funds, the Chancellor of the California Community Colleges, in conjunction with the State Department of Education, shall submit a proposed expenditure plan for the funds contained in this item, and the rationale therefor, to the Department of Finance by August 1 of each year for approval.
- (b) If funds are appropriated in Schedule (21) for the Career Technical Education Program, no more than \$2,500,000 is available for the development and enhancement of health-related career pathway programs in grades 7 to 12, inclusive, and for the articulation and alignment of health-related curriculum between schools with pupils in kindergarten and grades 1 to 12, inclusive, and the California Community Colleges.

26. The funds appropriated in Schedule (22) for the Campus Child Care Tax Bailout shall be allocated by the Chancellor of the California Community Colleges to community college districts that levied child care permissive override taxes in the 1977–78 fiscal year pursuant to Sections 8329 and 8330 of the Education Code in an amount proportional to the property tax revenues, tax relief subventions, and state aid required to be made available by the district to its child care and development program for the 1979–80 fiscal year pursuant to Section 30 of Chapter 1035 of the Statutes of 1979, increased or decreased by any cost-of-living adjustment granted in subsequent fiscal years. These funds shall be used only for the purpose of community college child care and development programs.
27. With regard to the funds appropriated in Schedule (23), Nursing Program Support, all of the following shall apply:
 - (a) \$8,475,000 shall be used to provide support for nursing program enrollment and equipment needs consistent with paragraph (2) of subdivision (a) of Section 2 of Chapter 514 of the Statutes of 2001. Funding for nursing enrollment shall provide a marginal increase in funding in addition to the amount provided for each full-time equivalent student for regular growth in apportionments.
 - (b) \$4,903,000 shall be used to provide diagnostic and support services, preentry coursework, alternative program delivery model development, and other services to reduce the incidence of student attrition in nursing programs.
 - (c) Funds shall be allocated according to the following criteria:
 - (1) The degree to which the funds provided would be used to increase student enrollment in nursing programs beyond the level of full-time equivalent students served in the 2010–11 academic year.

- (2) The district's level of attrition from nursing programs and the suitability of planned expenditures to address attrition levels.
 - (3) The degree to which funds provided would be used to support infrastructure or equipment needs with the intent of building capacity and increasing the number of nursing students served.
 - (4) For districts with attrition rates of 15 percent or more, new funding shall focus on attrition reduction. For districts with attrition rates below 15 percent, new funding shall focus on enrollment expansion.
- (d) On or before March 1 of each year, the Chancellor of the California Community Colleges shall provide the Legislature and the Department of Finance with a report on the allocation of funding. For each district receiving funding under this item, the report shall include all of the following: (1) the amount of funding received, (2) the number of nursing full-time equivalent students served in the 2006–07 academic year, and the additional number of nursing full-time equivalent students served with funding provided in this item in each subsequent year, (3) the district's attrition and completion rates in the 2006–07 academic year and subsequent years, (4) any equipment or infrastructure-related items acquired with the funds appropriated in this item, and (5) the number of new and existing faculty receiving annual stipend awards.
28. Notwithstanding any other provision of law, the Chancellor of the California Community Colleges shall allocate categorical funds as specified in legislation enacted in 2009 and as amended in 2010. Pursuant to the conditions specified in that legislation, districts may utilize funds allocated from Schedules (2), (9), (10), (11), (12), (13), (14), (16), (17), (18), and (22) as further specified in that legislation. Notwithstanding this provision and subdivision (b) of Section 84043 of

the Education Code, the chancellor may adjust allocations, as necessary, for funding provided pursuant to Schedules (10), (16), and (17) in support of statewide or regional functions.

29. Notwithstanding any other provision of law, the Chancellor of the California Community Colleges may reduce community college district base workload measures to match available funding under Schedule (1), which reflects a base reduction of \$290,000,000 to support community college district general apportionments. It is the intent of the Legislature that community college districts, to the greatest extent possible, shall implement any necessary workload reductions in courses and programs outside of those needed by students to achieve their basic skills, workforce training, or transfer goals. On or before April 15, 2012, the chancellor shall provide the fiscal committees of both houses of the Legislature and the Director of Finance with a report on the implementation of this provision.

SEC. 86. Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the State Department of Education may implement Section 20 of this act through management bulletins or other similar instructions.

SEC. 87. Notwithstanding any other law, the implementation of Section 20 of this act is not subject to the appeal and resolution procedures for agencies that contract with the State Department of Education for the provision of child care services or the due process requirements afforded to families that are denied services specified in Chapter 19 (commencing with Section 18000) of Division 1 of Title 5 of the California Code of Regulations.

SEC. 88. (a) Notwithstanding Sections 42238.1 and 42238.15 of the Education Code or any other law, the cost-of-living adjustment for Items 6110-104-0001, 6110-105-0001, 6110-119-0001, 6110-122-0001, 6110-124-0001, 6110-128-0001, 6110-150-0001, 6110-156-0001, 6110-158-0001, 6110-161-0001, 6110-167-0001, 6110-181-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-194-0001, 6110-196-0001, 6110-203-0001,

6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-224-0001, 6110-232-0001, 6110-244-0001, and 6110-246-0001 of Section 2.00 of the Budget Act of 2012 is 0 percent for the 2012–13 fiscal year. All funds appropriated in the Budget Act of 2012 in the items identified in this section are in lieu of the amounts that would otherwise be appropriated pursuant to any other provision of law.

(b) Notwithstanding Section 42238.1 of the Education Code or any other law, for purposes of Section 48664 of the Education Code, the cost-of-living adjustment is 0 percent for the 2012–13 fiscal year.

SEC. 89. (a) It is the intent of the Legislature that basic aid school districts assume categorical funding reductions proportionate to the revenue limit reductions implemented for nonbasic aid school districts in the 2008–09, 2009–10, 2010–11, and 2011–12 fiscal years. It is the intent of the Legislature that the reductions to categorical funding for basic aid school districts set forth in this section be restored at the same time as, and in direct proportion to, reductions in the deficit factor for school district revenue limits set forth in Section 42238.146 of the Education Code. The Superintendent of Public Instruction shall reduce the amount of categorical funding allocated to basic aid school districts in the 2012–13 fiscal year, as follows:

(1) For the 2012–13 fiscal year, the State Department of Education shall notify each basic aid school district, by September 1, 2013, or two months after the Budget Act of 2013 is enacted, whichever is later, of the amount of funds to be reduced from its categorical funding allocations, as follows:

(A) Multiply each district's 2012–13 fiscal year total revenue limit subject to the deficit factor specified in paragraph (5) of subdivision (a) of Section 42238.146 of the Education Code, calculated as of the 2012–13 fiscal year certified second principal apportionment, by 8.92 percent.

(B) The State Department of Education shall recover from categorical funds identified in paragraph (2) and apportioned in the 2013–14 fiscal year to school districts that were basic aid school districts in the 2012–13 fiscal year, the lesser of the amount calculated in subparagraph (A) or the amount by which the sum of the amounts described in subdivision (h) of Section 42238 of the Education Code exceeds the school district's revenue limit. This result will be further limited by the following:

(i) The amount of categorical funds to be reduced shall be limited to the extent that the provisions of Section 41975 of the Education Code cannot be met through other state aid.

(ii) If the amount determined in subparagraph (A) exceeds the amount of categorical funding owed or paid in the 2013–14 fiscal year to the basic aid school district for programs identified in paragraph (2), the State Department of Education shall recover the lesser amount.

(2) The State Department of Education shall recover the amount of funds calculated in paragraph (1) and may offset funds for any categorical program to be received in the 2013–14 fiscal year, with the exception of funds received under the After School Education and Safety Program, the Quality Education Investment Act of 2006, and funds for child care and development.

(b) By June 30, 2014, the State Department of Education shall report to the Controller and the Director of Finance the amounts that were recovered from each categorical education program and the corresponding item of appropriation in the Budget Act of 2012 that is to be reduced. The amounts so reduced shall revert to the General Fund. The reductions pursuant to this subdivision shall be reductions in the amount appropriated for purposes of Section 8 of Article XVI of the California Constitution for the 2012–13 fiscal year.

(c) For purposes of this section, “basic aid school district” means a school district that does not receive from the state, for the 2012–13 fiscal year, an apportionment of state funds pursuant to subdivision (h) of Section 42238 of the Education Code.

SEC. 90. Of the amount allocated in Schedule (1) of Item 6110-161-0001 of Section 2.00 of the Budget Act of 2011, twelve million one hundred thirty-three thousand dollars (\$12,133,000) is provided to fully fund the 2008–09 maintenance of effort in the special education program.

SEC. 91. (a) Notwithstanding any other law, the Superintendent of Public Instruction shall certify to the Controller the amounts needed for the 2012–13 fiscal year to fund the Class Size Reduction Program operated pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4 of Title 2 of the Education Code, pursuant to the following schedule:

(1) Within 90 days of the enactment of the Budget Act of 2012, the Superintendent of Public Instruction shall certify to the

Controller the amount needed to fund the advance apportionments for the 2012–13 fiscal year, consistent with paragraph (2) of subdivision (c), and paragraph (1) of subdivision (g), of Section 52126 and Section 52124.3 of the Education Code.

(2) By February 25, 2013, the Superintendent of Public Instruction shall certify to the Controller the amount needed to fund the apportionment payments for the 2012–13 fiscal year on the basis of applications received, consistent with paragraph (2) of subdivision (c), and paragraph (2) of subdivision (g), of Section 52126 and Section 52124.3 of the Education Code.

(3) By July 25, 2013, the Superintendent of Public Instruction shall certify to the Controller the amount needed to fund the apportionments for the 2012–13 fiscal year on the basis of actual enrollment, consistent with paragraph (2) of subdivision (c), and paragraph (3) of subdivision (g), of Section 52126 and Section 52124.3 of the Education Code.

(4) By April 30, 2014, the Superintendent of Public Instruction shall certify to the Controller the amount needed to fund the full apportionments for the 2012–13 fiscal year on the basis of revised reports of actual enrollment, consistent with paragraph (2) of subdivision (c), and paragraph (3) of subdivision (g), of Section 52126 and Section 52124.3 of the Education Code.

(b) Not later than five days following each certification made pursuant to subdivision (a), the Controller shall transfer from the General Fund to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for purposes of Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4 of Title 2 of the Education Code the following amounts:

(1) For the certification made pursuant to paragraph (1) of subdivision (a), the amount certified.

(2) For the certification made pursuant to paragraph (2) of subdivision (a), 55 percent of the amount certified minus the amount transferred pursuant to paragraph (1).

(3) For the certification made pursuant to paragraph (3) of subdivision (a), the amount certified minus the sum of the amounts transferred pursuant to paragraphs (1) and (2).

(4) For the certification made pursuant to paragraph (4) of subdivision (a), the amount certified pursuant to paragraph (4) of subdivision (a) minus the sum of the amounts transferred pursuant to paragraphs (1), (2), and (3).

(c) Not less than 30 days before making each certification pursuant to subdivision (a), the Superintendent of Public Instruction shall notify the Department of Finance, the Legislative Analyst, and the appropriate policy and fiscal committees of the Legislature regarding the amounts the Superintendent intends to certify to the Controller and shall include in that notification the data used in determining the amounts to be certified.

(d) The per pupil amounts for Option One and Option Two for the 2012–13 fiscal year shall be the same as those provided in the 2009–10 fiscal year.

(e) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the transfers made by paragraphs (3) and (4) of subdivision (b) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2013–14 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2013–14 fiscal year.

SEC. 92. (a) The sum of nine hundred five million seven hundred thousand dollars (\$905,700,000) is hereby appropriated from the General Fund to the State Department of Education. This appropriation reflects the portion of the payment for class size reduction in kindergarten and grades 1 to 3, inclusive, that is to be deferred until and attributed to the 2013–14 fiscal year and the June 2013 principal apportionment that is to be deferred until July 2013 and attributed to the 2013–14 fiscal year. Notwithstanding any other law, the department shall encumber the funds appropriated in this section by July 31, 2013. It is the intent of the Legislature that, by extending the encumbrance authority for the funds appropriated in this section to July 31, 2013, the funds will be treated in a manner consistent with Section 1.80 of the Budget Act of 2012. The appropriation is made in accordance with the following schedule:

(1) Six million two hundred twenty-seven thousand dollars (\$6,227,000) for apprenticeship programs to be expended consistent with the requirements specified in Item 6110-103-0001 of Section 2.00 of the Budget Act of 2012.

(2) Ninety million one hundred seventeen thousand dollars (\$90,117,000) for supplemental instruction to be expended consistent with the requirements specified in Item 6110-104-0001 of Section 2.00 of the Budget Act of 2012. Of the amount appropriated by this paragraph, fifty-one million sixty-one thousand dollars (\$51,061,000) shall be expended consistent with Schedule (1) of Item 6110-104-0001 of Section 2.00 of the Budget Act of 2012, twelve million three hundred thirty thousand dollars (\$12,330,000) shall be expended consistent with Schedule (2) of that item, four million six hundred ninety thousand dollars (\$4,690,000) shall be expended consistent with Schedule (3) of that item, and twenty-two million thirty-six thousand dollars (\$22,036,000) shall be expended consistent with Schedule (4) of that item.

(3) Thirty-nine million six hundred thirty thousand dollars (\$39,630,000) for regional occupational centers and programs to be expended consistent with the requirements specified in Schedule (1) of Item 6110-105-0001 of Section 2.00 of the Budget Act of 2012.

(4) Four million two hundred ninety-four thousand dollars (\$4,294,000) for the Gifted and Talented Pupil Program to be expended consistent with the requirements specified in Item 6110-124-0001 of Section 2.00 of the Budget Act of 2012.

(5) Forty-five million eight hundred ninety-six thousand dollars (\$45,896,000) for adult education to be expended consistent with the requirements specified in Schedule (1) of Item 6110-156-0001 of Section 2.00 of the Budget Act of 2012.

(6) Four million seven hundred fifty-one thousand dollars (\$4,751,000) for community day schools to be expended consistent with the requirements specified in Item 6110-190-0001 of Section 2.00 of the Budget Act of 2012.

(7) Five million nine hundred forty-seven thousand dollars (\$5,947,000) for categorical block grants for charter schools to be expended consistent with the requirements specified in Item 6110-211-0001 of Section 2.00 of the Budget Act of 2012.

(8) Thirty-eight million seven hundred twenty thousand dollars (\$38,720,000) for the School Safety Block Grant to be expended consistent with the requirements specified in Item 6110-228-0001 of Section 2.00 of the Budget Act of 2012.

(9) One hundred million one hundred eighteen thousand dollars (\$100,118,000) for the Targeted Instructional Improvement Block Grant Program to be expended consistent with the requirements specified in Item 6110-246-0001 of Section 2.00 of the Budget Act of 2012.

(b) The amount appropriated in subdivision (a) shall be reduced by the lesser of five hundred seventy million dollars (\$570,000,000) or the sum of the amounts transferred pursuant to paragraphs (3) and (4) of subdivision (b) of Section 91 of this act.

(c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2013–14 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2013–14 fiscal year.

SEC. 93. Notwithstanding any other law, the funds appropriated pursuant to Items 6110-103-0001, 6110-104-0001, 6110-105-0001, 6110-124-0001, 6110-156-0001, 6110-158-0001, 6110-161-0001, 6110-190-0001, 6110-211-0001, 6110-234-0001, and 6110-243-0001 of Section 2.00 of the Budget Act of 2012 shall be encumbered by July 31, 2013. This one-month extension of encumbrance authority is provided due to the effect of the deferral of the June 2013 principal apportionment on the budget items specified in this section. It is the intent of the Legislature that, by extending the encumbrance authority for the funds identified in this section to July 31, 2013, the funds will be treated in a manner consistent with Section 1.80 of the Budget Act of 2012.

SEC. 94. (a) The sum of five hundred sixteen million eight hundred eighty-one thousand dollars (\$516,881,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges in augmentation of Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2012 for the purpose of increasing apportionment funding to community college districts.

(b) Notwithstanding any other law that governs the regulations adopted by the Board of Governors of the California Community

Colleges, the funds appropriated in subdivision (a) shall be allocated as follows:

(1) One hundred million dollars (\$100,000,000) shall be allocated for the month of February.

(2) One hundred million dollars (\$100,000,000) shall be allocated for the month of March.

(3) One hundred million dollars (\$100,000,000) shall be allocated for the month of April.

(4) One hundred million dollars (\$100,000,000) shall be allocated for the month of May.

(5) One hundred sixteen million eight hundred eighty-one thousand dollars (\$116,881,000) shall be allocated for the month of June.

(c) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (b) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2012–13 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2012–13 fiscal year.

(d) This section shall not become operative until December 15, 2012, and shall become operative only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes. If the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is approved by the voters at the November 6, 2012, statewide general election, and all of the provisions of that act that modify personal income tax rates become operative, this section shall not become operative and shall be repealed on January 1, 2013.

SEC. 95. (a) On or before June 30, 2012, an amount to be determined by the Director of Finance, but not to exceed one hundred sixteen million one hundred thirty-three thousand dollars

(\$116,133,000), shall be appropriated from the General Fund to the Board of Governors of the California Community Colleges in augmentation of Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2011.

(b) The funds appropriated in subdivision (a) shall only be available to the extent that revenues distributed to community college districts pursuant to Section 34188 of the Health and Safety Code are less than the estimated amount reflected in the Budget Act of 2011, as determined by the Director of Finance.

(c) In making the determination pursuant to subdivision (b), the Director of Finance shall consider any other local property tax revenues and student fee revenues collected in excess of the estimated amounts reflected in the Budget Act of 2011.

(d) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of his or her intent to notify the Controller of the necessity to release funds appropriated in subdivision (a) and the amount needed to address the property tax shortfall determined pursuant to subdivision (b). The Controller shall make the funds available not sooner than five days after this notification and the Office of the Chancellor of the California Community Colleges shall work with the Controller to allocate these funds to community college districts as soon as practicable.

(e) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2011–12 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2011–12 fiscal year.

SEC. 96. (a) On or before June 30, 2012, an amount to be determined by the Director of Finance, but not to exceed nineteen million three hundred forty-seven thousand dollars (\$19,347,000), shall be appropriated from the General Fund to the Superintendent of Public Instruction in augmentation of Schedule (1) of Item 6110-161-0001 of Section 2.00 of the Budget Act of 2011.

(b) The funds appropriated in subdivision (a) shall only be available to the extent that revenues distributed to local educational agencies pursuant to Section 34188 of the Health and Safety Code are less than the estimated amount reflected in the Budget Act of 2011, as determined by the Director of Finance.

(c) In making the determination pursuant to subdivision (b), the Director of Finance shall consider any other local property tax revenues collected in excess of the estimated amounts reflected in the Budget Act of 2011.

(d) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of his or her intent to notify the Controller of the necessity to release funds appropriated in subdivision (a) and the amount needed to address the property tax shortfall determined pursuant to subdivision (b). The Controller shall make the funds available not sooner than five days after this notification and the State Department of Education shall work with the Controller to allocate these funds to local educational agencies as soon as practicable.

(e) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2011–12 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2011–12 fiscal year.

SEC. 97. (a) On or before June 30, 2013, an amount to be determined by the Director of Finance shall be appropriated from the General Fund to the Board of Governors of the California Community Colleges in augmentation of Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2012.

(b) The funds appropriated in subdivision (a) shall only be available to the extent that revenues distributed to community colleges pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code are less than the estimated amount reflected in the Budget Act of 2012, as determined by the Director of Finance.

(c) On or before June 30, 2013, the Director of Finance shall determine if the revenues distributed to community college districts pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code exceed the estimated amount reflected in the Budget Act of 2012 and shall reduce Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2012 by the amount of that excess.

(d) In making the determinations pursuant to subdivisions (b) and (c), the Director of Finance shall consider any other local property tax revenues and student fee revenues collected in excess or in deficit of the estimated amounts reflected in the Budget Act of 2012.

(e) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of his or her intent to notify the Controller of the necessity to release funds appropriated in subdivision (a) or to make the reduction pursuant to subdivision (c), and the amount needed to address the property tax shortfall determined pursuant to subdivision (b) or the amount of the reduction made pursuant to subdivision (c). The Controller shall make the funds available not sooner than five days after this notification and the Office of the Chancellor of the California Community Colleges shall work with the Controller to allocate these funds to community college districts as soon as practicable.

(f) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2012–13 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2012–13 fiscal year.

SEC. 98. (a) On or before June 30, 2013, an amount to be determined by the Director of Finance shall be appropriated from the General Fund to the Superintendent of Public Instruction in augmentation of Schedule (1) of Item 6110-161-0001 of Section 2.00 of the Budget Act of 2012.

(b) The funds appropriated in subdivision (a) shall only be available to the extent that revenues distributed to local educational agencies for special education programs pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code are less than the estimated amount reflected in the Budget Act of 2012, as determined by the Director of Finance.

(c) On or before June 30, 2013, the Director of Finance shall determine if the revenues distributed to local educational agencies for special education programs pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code exceed the estimated amount reflected in the Budget Act of 2012 and shall reduce Schedule (1) of Item 6110-161-0001 of Section 2.00 of the Budget Act of 2012 by the amount of that excess.

(d) In making the determinations pursuant to subdivisions (b) and (c), the Director of Finance shall consider any other local property tax revenues collected in excess or in deficit of the estimated amounts reflected in the Budget Act of 2012.

(e) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of his or her intent to notify the Controller of the necessity to release funds appropriated in subdivision (a) or to make the reduction pursuant to subdivision (c), and the amount needed to address the property tax shortfall determined pursuant to subdivision (b) or the amount of the reduction made pursuant to subdivision (c). The Controller shall make the funds available not sooner than five days after this notification and the State Department of Education shall work with the Controller to allocate these funds to local educational agencies as soon as practicable.

(f) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2012–13 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2012–13 fiscal year.

SEC. 99. If the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not

approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes, on or before November 30, 2012, the Chancellor of the California Community Colleges, as approved by the Department of Finance, shall reduce community college district base workload measures to match available general-purpose apportionment funding. It is the intent of the Legislature that community college districts, to the greatest extent possible, shall implement any necessary workload reductions in courses and programs outside of those needed by students to achieve their basic skills, workforce training, or transfer goals. On or before September 15, 2013, the Chancellor of the California Community Colleges shall provide the fiscal committees of both houses of the Legislature and the Director of Finance with a report on the implementation of this provision.

SEC. 100. If the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is approved by the voters at the November 6, 2012, statewide general election, and all of the provisions of that act that modify personal income tax rates become operative, fifty million dollars (\$50,000,000) (Proposition 98 General Fund) shall be transferred from Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2012 to Schedule (4) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2012 for the purpose of providing growth funding to community college districts. The California Community Colleges Chancellor's Office may adjust community college district apportionment funding allocations as necessary to reflect the possibility that fifty million dollars (\$50,000,000) may be distributed as growth funding.

SEC. 101. (a) The Director of Finance shall reduce Schedule (2) of Item 4300-101-0001 of Section 2.00 of the Budget Act of 2012 by one hundred ninety-seven million one hundred fifty-two thousand dollars (\$197,152,000).

(b) The sum of one hundred ninety-seven million one hundred fifty-two thousand dollars (\$197,152,000) is hereby appropriated from the General Fund to the State Department of Developmental Services for the Early Start Program, established pursuant to Title 14 (commencing with Section 95000) of the Government Code,

and consistent with Schedule (2) of Item 4300-101-0001 of Section 2.00 of the Budget Act of 2011.

(c) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (b) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2012–13 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2012–13 fiscal year.

(d) This section shall become operative on December 15, 2012, only if the Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is not approved by the voters at the November 6, 2012, statewide general election, or if the provisions of that act that modify personal income tax rates do not become operative due to a conflict with another initiative measure that is approved at the same election and receives a greater number of affirmative votes.

SEC. 102. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 103. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

Approved _____, 2012

Governor